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ABSTRACT

Fifth in a series of seven volumes reporting the design, methodology, and findings of the 4-year National Day Care Home Study (NDCHS), this volume presents a descriptive and statistical analysis of the day care institutions that administer day care systems. These systems, such as Learning Unlimited in Los Angeles and the family day care program of the Association for Jewish Children, are one of the principal mechanisms for providing subsidized day care in a family day care setting. The investigation of the family day care systems was based on interviews conducted with staff of 22 systems, both in the National Day Care Home Study sites and elsewhere. Chapter I discusses federal and state involvement in family day care. Regulations and funding at sites in California, Pennsylvania, Texas, Massachusetts, and Arkansas are described. Chapter II describes the operation of a family day care system from its inception to the selection of child care providers and delivery of special services to children and parents. The responsibilities of providers, services to providers, exclusive use agreements and the status of sponsored providers are discussed. Chapter III presents descriptive data on program and cost characteristics. Functional cost allocations, supplemental services and in-kind contributions as well as direct child care costs versus administrative costs are reported. In conclusion, the Child Care Food Program (CCFP) is discussed in terms of administrative responsibilities and the relationship of the CCFP to family day care systems. Individual program descriptions and related data are appended. (Author/RH)

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Family Day Care in the United States: Family Day Care Systems

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U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
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Day Care Division

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NATIONAL DAY CARE HOME STUDY
Family Day Care Systems
Report

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VOLUMES IN THE FINAL REPORT SERIES,
ON THE NATIONAL DAY CARE HOME STUDY

- Reports available from the Administration for Children, Youth and Families or from ERIC Document Reproduction Service, P.O. 190, Arlington, Virginia 22210.
- Executive Summary (Abt Associates Inc.)--Synopsis of the findings from all study components including data on family day care providers, the children in their care, and the children's parents. Presents information on the nature of day care in each of the study settings and presents both cost and program data on family day care systems.
- Volume I, The National Day Care Home Study Summary Report (Abt Associates Inc.)--Details the issues outlined in the Executive Summary.
- Volume II, The Research Report (Abt Associates Inc.)--Focuses on the caregiver and the children in her care and presents extensive descriptive and statistical analyses of the interview and observation data collected. It includes profiles of both the caregiver and the children in care, discusses the stability of the day care arrangements, the group composition of the family day care homes, and the costs of providing care. Concludes with a comparative analysis of the observed behaviors of caregivers and the children in their care.
- Volume III, Observation Component (SRI International)--Presents the findings from the observations conducted in day care homes in the three study sites (Los Angeles, Philadelphia, and San Antonio) and detailed descriptions of the methodologies used.
- Volume IV, Parent Study Component Data Analysis Report (Center for Systems and Program Development)--Presents the information provided by the parents of the children in the family day care homes; describes these parents, their needs and preferences for care, and their satisfaction with family day care; and focuses on child day care costs.
- Volume V, Family Day Care Systems Report (Abt Associates Inc.)--Presents an extensive descriptive and statistical analysis of the day care institutions that administer family day care systems. These systems are one of the principal mechanisms for providing subsidized day care in a family day care setting, and the cost analyses in this volume are the first attempt to estimate the cost of providing such care.
- Volume VI, The Site Case Study Report (Abt Associates Inc.)--Describes the status of family day care in each of the study sites based on interviews with knowledgeable respondents ranging from state licensing staff to day care advocates. This volume is intended to describe the context in which the study was conducted and thereby to provide the reader a fuller understanding of the study findings.
- Volume VII, The Field Operations Report (Abt Associates Inc.)--Describes the steps used to implement the study in three study sites.

NATIONAL DAY CARE HOME STUDY

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PREFACE

Mothers are entering the work force in ever increasing numbers and, at the same time, the average age of children when their mothers enter the work force is decreasing. These fundamental changes in labor force participation have made day care--the care of a child by someone other than a member of the nuclear family--an increasingly important social and economic support for families. Furthermore, the relative youth of the children entering care has recently brought greater attention to family day care,* which provides by far the largest amount of home care for children under three.

In 1950, only 20 percent of all mothers with children under 18 were employed; by 1979, their labor force participation exceeded 50 percent. The largest increase during this period occurred among mothers of children less than six years of age, whose employment rate more than tripled (from 14% to 45.4%).¹ These trends are most striking within the current decade. In the eight years from 1971 to 1979, the employment of women with children under three rose from 27 percent to 40.9 percent. For women with children between three and five, employment increased from 38 percent to 52 percent. These increases in labor force participation of mothers are expected to continue into the next decade, though at a slightly slower pace.

*A family day care home is generally defined as a private home in which regular care is given to 6 or fewer children, including the caregiver's own, for any part of a 24-hour day. Larger homes are sometimes referred to as group homes. However, for purposes of this study, care provided in private homes is considered as family day care regardless of the enrollment in the home as long as the home is not licensed as a day care center.

The substantial number of working mothers is reflected by a large-scale demand for child care. In 1978, almost 30 percent of the country's 56 million families were using some form of day care. Approximately 7.5 million families regularly use day care for 10 hours a week or more. Of this number, fully 45 percent use family day care. An additional 36 percent choose substitute care in their own homes, and 17 percent place their children in day care centers, nurseries, Head Start and other preschool programs.²

Family day care constitutes the single largest system of out-of-home child care in the United States, both in terms of the number of families using care and in the number of children served. An estimated 1.3 million family day care homes serve an estimated 2.4 million full-time children (30 hours or more per week), 2.8 million part-time children (10-29 hours per week) and 16.7 million children in occasional care (less than 10 hours per week).³ More than half of the full-time children in family day care homes are under six years of age; the greatest proportion of these children are under three, and approximately 30 percent are aged three to five. Family day care also represents the most prevalent mode of care for the 5 million school children between 6 and 13 whose parents work.⁴

For the most part family day care in this country is provided in the homes of unregulated caregivers who operate informally, independent of any regulatory system or administrative structure. According to estimates from a 1971 survey, unregulated family day care homes may constitute up to 90 percent of all family day care homes.⁵

Family day care as an informal, unregulated arrangement is one of the oldest forms of child care provided as a supplement to parental care. Historically, such care was provided without charge by relatives or given by

neighbors and friends in exchange for other services. The gradual disappearance of the extended family and the increasing number of women entering the work force, however, have caused the supply of non-monetized services to drop off sharply. The full-time working mother's use of nonrelatives for supplemental care of children under six is now almost as prevalent as her use of relatives. Most arrangements, however, still involve friends, neighbors, or acquaintances; even when the caregiver is a stranger, the family day care home is usually located in the neighborhood where its clients live. These very personal day care arrangements are often considered to be isolated from the day care community--not only from regulatory standards, but also from social service resources.

About 10 percent of family day care homes are operated by regulated providers who meet state and/or federal standards; these homes may serve children from low-income families whose day care is subsidized by the federal government. Regulated caregivers, like their unregulated counterparts, operate independently, but are either licensed by or registered with a state agency, depending on the state in which the home is located. The majority of states still license family day care homes, but registration--a less stringent form of regulation--has taken hold in some states. Data from 1976-1977 indicate that there are approximately 110,000 regulated family day care homes serving an estimated 450,000 children.⁶

Regulated family day care has evolved somewhat differently from unregulated care and has a shorter history. Beginning in the early 1960s, state social welfare agencies began to use family day care as an alternative to foster care in order to prevent the disruption of families. Thus

family day care, supervised by agencies, was seen as a placement service patterned after foster care, with homes to be screened, licensed and monitored.

The third major category of family day care providers is the approximately 30,000 regulated caregivers who operate as part of day care systems--networks of homes under the sponsorship of an administrative agency. It is estimated that these homes serve at least 120,000 children. These sponsored homes, in general, serve children whose care is subsidized, and often these providers have access to a range of services such as caregiver training and client referral. Most of the children in family day care whose care is subsidized through Title XX of the Social Security Act are served in sponsored homes, as are all children who receive meals subsidized by the Child Care Food Program of the Department of Agriculture. The trend toward organization of family day care homes into systems is a fairly recent development but one with important implications for future day care programs and policies.

Despite the widespread use of family day care and its importance as a fundamental characteristic of contemporary American society, little has been known about the range of typical family day care environments, cultural patterns in caring for children, the similarities and differences among unregulated, regulated and sponsored care, or the dynamics of the family day care market. Similarly, little has been known about how to support families and caregivers in providing high quality care in home settings. As mothers of young children increasingly enter the labor force and as more children need substitute care at younger ages than ever before, there is a critical need for high quality care that meets the diverse needs in this country at a cost that parents and taxpayers can afford. This can be accomplished

in part, through the development and implementation of sound standards for quality care, through training and technical assistance, through the improvement of service delivery programs and through strong support of parents in finding and maintaining child care which meets their particular family needs.

As the emphasis in day care has become increasingly educational, family day care has sometimes been stereotyped as "custodial" by researchers in child development, by policymakers, and by parents. One important effect of the National Day Care Home Study (NDCHS) has been to bring family day care out of the shadows: seen in the light of the study's findings, family day care is a healthy environment for children and a reasonable alternative to center day care. One NDCHS interviewer summed up her altered perception of family day care as follows.

My impression used to be that it [family day care] was really inferior care because after all the mother is around the home; she's answering the phone and doing her own housework and she's not paying attention to the kids. . . . I've changed my mind. I still tend toward the homes that have some kind of program just because of my . . . background; I'm locked in, I guess. But I see a huge advantage for children under two in family care because I've seen really good things happen. . . . I think the only people [caregivers] who accept infants are the ones who really like them and are ready to give them the care that they demand. And no way can any kind of institution provide that.

Before the NDCHS was undertaken, day care research had dealt almost exclusively with day care centers, both because they are visible community facilities to which researchers have relatively easy access and because they receive the bulk of day care subsidies. Family day care homes, on the other hand, are scattered throughout

residential communities and may not be known to anyone outside the immediate neighborhood unless they are affiliated with a licensing agency or other local organization. The narrow focus of previous day care research, combined with a growing awareness of the magnitude of family day care and its importance for the development of a comprehensive child care policy, led the Administration for Children, Youth and Families of the Department of Health, Education and Welfare to initiate the NDCHS in 1976.

The principal goal of the NDCHS was to provide a broad base of information with utility for the improvement of the quality of family day care, for the formulation of sound day care policies, and for increased assistance to caregivers, children, parents, program administrators and others in the day care community. The NDCHS is the only national study of family day care ever undertaken. It attempts to describe the ecology of family day care as a complex social system; it is the first major study to examine all of the principal family day care participants --the caregiver, the children in her care, their parents, day care program administrators, and the community institutions which make up the environment for day care. All three regulatory types of family day care homes are represented, including the first large sample of informal, unregulated family day care homes ever studied.

In addition, the National Day Care Home Study is the only study of national scope to systematically observe the care of children in home environments using sophisticated and carefully tested interview and observation instruments. Finally, the study focuses on understanding cultural diversity in family day care among the three groups who together constitute the largest users of family day care: (non-Hispanic) Whites, (non-Hispanic) Blacks, and Hispanics.

Major objectives of the NDCHS were to:

- describe demographic and cultural patterns of family day care;
- describe the range of program elements, services and administrative structures in family day care homes;
- describe the nature of care provided and document the day-to-day experiences of caregivers and children;
- identify major economic factors and document the costs of family day care--to the parent, to the government and to the provider;
- identify similarities and differences between unregulated, regulated and sponsored homes;
- explore parents' needs, preferences, and satisfaction with their day care arrangements; and
- describe the community context for family day care and identify major factors affecting availability and utilization of day care.

Phase I of the study was devoted to development of the research design, instrumentation and operational plans. In Phase II the study was implemented in Los Angeles, the first of three sites; this phase constituted a large-scale pilot test of all design elements and field procedures. During Phase III, the study was extended to Philadelphia and San Antonio. Data from all three communities were analyzed in Phase IV, the final stage of this study, and is reported in the present volumes.

Four research organizations participated in the conduct of this study. Development of the research design, field management procedures and interview instruments during Phase I was carried out by a research consortium composed of Westat, Inc. of Rockville, Maryland; Abt Associates Inc. of Cambridge, Massachusetts; and the Center for Systems and Program Development of Washington, D.C. Caregiver and child observation systems were developed

by SRI international of Menlo Park, California. Starting with Phase II, Abt Associates; with its subcontractor, CSPD, became the Research Contractor for the study, and SRI remained as Observation Contractor.

In addition to the agency and research organizations conducting the National Day Care Home Study, a consultant panel was established during Phase I to provide formative advice, consultation and peer review. The consultant panel, representing a range of relevant research specialities, participated in the study design, implementation and analysis. The panel includes Black, White and Hispanic consultants to ensure sensitivity to issues of concern for populations most frequently served by family day care. The minority group members of the panel formed a Minority Task Force to identify technical and policy issues of particular significance for minorities and to offer broad procedural guidelines for addressing these concerns.

Data Collection

The present volume is limited to the study of the institutional operations and costs of family day care systems. It presents a descriptive profile of 22 systems visited between November 1977 and November 1978 in the three principal study sites--Los Angeles, Philadelphia and San Antonio--and in Houston, Texas, Boston, Massachusetts and Dardanelle, Arkansas.

Two structured interviews were administered, one to collect data about the family day care system's program and one to collect cost data.* The program instrument covered the following basic areas:

*All interviews of system staff were administered by one AAI interviewer.

- agency organization and history and the system's start-up efforts;
- provider recruitment and screening;
- child recruitment, enrollment procedures and placement policies;
- assessment and training of providers; and
- service provision to providers and clients.

Information was also obtained on goals and operating difficulties of each program. Directors were queried on their views of quality care, including their assessments of important caregiver qualifications. Table 1 indicates the number of systems in each of the study sites from which this data was collected.

Table 1

	<u>Number of Systems Interviewed by Site</u>					
	<u>Los Angeles</u>	<u>Philadelphia</u>	<u>Arkansas</u>	<u>Houston</u>	<u>Boston</u>	<u>Total</u>
Program Interview	9	8	1	2	2	22
Cost Interview	8	5	1	2	2	18

A cost instrument was developed to determine the cost per child and cost per home of operating a family day care system. The instrument focused on labor costs, the major cost factor for family day care systems. Staff salary and hour rosters and special time use forms were completed to estimate the cost of performing such tasks as training providers and licensing homes. The remaining expenses of system operation were determined from systems' financial statements. Annual child-hours and child attendance rates

were determined to complete computations of cost per Child. In-kind contributions of labor, supplies and space were estimated by source. Government reimbursement rates, parent fees, and rates paid to providers were investigated. One area of special interest was the income generated by the Child Care Food Program, administered by the Department of Agriculture.

Program directors and financial managers participated in the cost interview, providing program and cost data. In addition, their perceptions of government funding levels and reimbursement processes were explored. Table 1 shows that four systems from which program data were collected did not participate in cost data collection.

The 22 systems participating in the study, although not a statistically representative sample, do represent a wide range of program characteristics, as shown in Table 2. All but one of the systems selected for participation in the study agreed to do so. Systems selected outside of the principal study sites were selected in order to increase the variety of participating systems.

Report Organization

The remainder of this report is divided into four chapters. Chapter One discusses the history of federal and state funding and regulatory practices of subsidized family day care. The chapter presents the major policy domains addressed by the Federal Interagency Day Care Requirements (FIDCR) and describes the various ways in which requirements vary from the FIDCR. This chapter also presents a discussion of differences among the various ways in which family day care homes are certified by the state including state licensing, registration and approval. The issues set

Table 6.2

Profile of 22 Family Day Care Systems

	<u>Number of Systems</u>	<u>Number of System Children per Home^a</u>	<u>Number of Systems</u>
<u>Age of Program</u>			
< 4 years	8	1.0 to 2.0	4
4-7 years	10	2.1 to 3.0	6
≥ 7 years	4	3.1 to 4.0	7
	22	4.1 to 5.0	4
Median = 5		5.1 to 6.0	0
Range = 2-27		6.1 to 7.0	1
			22
		Median = 3.5	
		Range = 1.8-6.8	
<u>Number of Providers</u>		<u>Affiliation/Auspices</u>	
< 16	10	Religious	
16-30	7	organizations	5
31-45	1	Community/voluntary	
46-60	1	organizations	10
61-75	0	Mental health	
76-90	0	associations	2
91-105	0	City government	1
106-120	2	University	1
	22	Child care	
Median = 16		organizations	3
Range = 4-135		(Head Start 1)	22
		(Center 2)	
<u>Number of Children</u>		<u>Child Care Food Program</u>	
Up to 50	10	Participant	14
51 to 100	7	Nonparticipant	8
101 to 150	2		22
151 to 200	1		
over 200	2		
	22		
Median = 46			
Range = 16-421			
<u>Provider Affiliation</u>			
Exclusive use agreement ^b	12		
No exclusive use agreement	10		
	22		

^aNo data were collected on nonsystem children enrolled by providers without exclusive use agreements; the presence of such children is therefore not reflected in this table.

^bSponsoring agencies may elect to restrict their providers to care only for children enrolled and placed within their agency. Such an arrangement is specified within contracts between providers and systems.

forth in Chapter One provide a policy framework for the remaining chapters and identify the central purposes for the study of sponsored family day care.

Chapter Two presents an overview of subsidized family day care and compares alternative mechanisms for providing federally funded care. The chapter addresses the recent growth of system care and its capacity to meet future subsidized child care needs. It presents a profile of the growth and development of family day care systems and discusses caregiver affiliation, provider screening and child recruitment.* It reviews services mandated by the FIDCR and presents a descriptive overview of system services offered to caregivers, children and parents.

Chapter Three presents data on program and cost characteristics such as system size and age, group size, source of income, and costs per child by system. The chapter presents data on government reimbursement rates, cash and total resource costs per child and the value of in-kind contributions, as well as provider payments. Relationships between policy variables are identified. Program characteristics such as staffing patterns, provider training programs and family services are quantified through the use of scaling procedures intended to facilitate comparisons across programs.

*The reader is referred to Volume II of the Final Report of the National Day Care Home Study, the Research Report, for a detailed examination of the characteristics of system caregivers. In the Research Report, the descriptions of system caregivers are set in the broader context of all family day care providers, and significant comparisons are drawn between these system providers and other regulated and unregulated caregivers.

Chapter Three also presents the cost analysis. The chapter includes an analysis of variation in cash costs and resource costs per child. A functional analysis of unit costs is presented with core and supplemental cost breakdowns. Policy variables, such as provider training, services to families and children, group size and other program characteristics, are presented in the context of functional cost differences.

Chapter Four describes the functioning of the USDA Child Care Food Program (CCFP) covering such areas as outreach, the application process and reimbursement methods. It notes the differences between income eligibility levels for food subsidies and those for Title XX subsidized child care. It also summarizes directors' opinions and suggestions regarding the administration of the Child Care Food Program and notes the confusion caused by such inconsistencies as the differences in eligibility levels between CCFP and Title XX.

Chapter 1: FEDERAL AND STATE INVOLVEMENT IN FAMILY DAY CARE

Based on an analysis of family day care licensing and registration lists in conjunction with lists of family day care systems,* we estimate that in 1976-1977 there were approximately 25,000 sponsored family day care homes. This is to be compared with a total of 111,000 regulated homes (including most of the 25,000 sponsored homes) and over one million unregulated homes. Despite the relative paucity of sponsored homes, they are central to any discussion of day care policy because of the substantial concentration of federal and state child care subsidies in these homes.

Systems are frequently viewed as convenient intermediaries for federal and state governments in providing quality day care in home settings. Consequently, federal and state purchasing requirements often require a family day care home to be affiliated with an institutional umbrella agency, a family day care system, to be eligible to receive subsidies for child care. Before the National Day Care Home Study (NDCHS), however, no national study had ever been undertaken to examine the operations of these systems. Of principal concern in the study were the nature and costs of the services that systems provide to federal and state governments, to caregivers affiliated with the systems, and to the children and parents served. The first two issues are addressed in this volume, and the last is treated extensively in the Research Report of the National Day Care Home Study (Volume II of the Final Report of the NDCHS).

*A family day care system is a day care program which acts as an umbrella agency for a number of affiliated private homes in which day care children are placed on a regular basis.

This chapter presents a brief history of federal and state involvement in family day care. Federal and state requirements for family day care are highlighted, especially the Federal Interagency Day Care Requirements. The regulatory domains identified form the basis for the analyses reported in subsequent chapters.

1.1 Federal Involvement in Child Care

The federal government first became involved with expanding child care services in the 1930s and 1940s in response to two national emergencies: the Depression and World War II. Funds were provided chiefly to enable adults to work, rather than to improve services to children. When Lanham Act funds were terminated after World War II, only two states--New York and California--and the District of Columbia continued to appropriate state funds for the provision of day care services. Of these, only California, with programs emphasizing educational and developmental components for children, provided state support for day care programs throughout the 1950s and into the 1960s, when child care again became a national priority.

Today's federal financial participation in child care began largely with passage of amendments to the Social Security Act in 1962 and 1967, which provided for child care for current, past and potential welfare recipients. The most relevant early federal legislation includes:

- Title II of the Economic Opportunity Act--Project Head Start;
- Title V of the Economic Opportunity Act--Work Experience Day Care Projects;

- Title IV-A of the Social Security Act-- Social Services to Families with Dependent Children;
- Title IV-B of the Social Security Act-- Child Welfare Services; and
- Public Law 90-302--Amendment to the National School Lunch Act (Child Care Food Program).

The federal government's fiscal commitment to supporting child care is considerable. In Fiscal Year 1977, the year in which this study of family day care systems was implemented, about 2.8 million children were served in direct programs costing the federal government about \$1.8 billion. Care for another 4 million children was subsidized through tax expenditures of about \$500 million. More than 90 percent of the direct federal support for child care was provided through six programs: Title XX of the Social Security Act; the Head Start program; the Child Care Food Program; Title I of the Elementary and Secondary Education Act (ESEA); the Aid to Families with Dependent Children (AFDC) program; and the Work Incentive (WIN) program. The largest of these direct support programs for child care was (and still is) Title XX of the Social Security Act. Each year \$2.7 billion is provided to states to support a broad range of social services to families. The DHEW estimates that in Fiscal Year 1977 about \$800 million of the \$2.7 billion was used for child care.

Although there are no estimates available of the amount of Title XX monies allocated by states specifically for family day care systems, the NDCRS sample of 22 systems indicates that, except in California, systems serving subsidized children receive substantial support from the state via Title XX child care subsidy or reimbursement. Most systems also receive benefits from the Child Care Food

Program and, to a lesser extent, enroll WIN children and receive WIN reimbursements. Finally, family day care systems may be supported indirectly through fee-paying parents whose child care expenses are partially provided for through the AFDC income disregard mechanism.

The Federal Interagency Day Care Requirements

As the level of federal financial participation in day care increased, a more coordinated approach to the regulation of child care was called for. The initial response in 1968 was to develop the Federal Interagency Day Care Requirements (FIDCR) to coordinate day care programs with differing legislative authorization, differing federal administrative entities (OEO, HEW) and differing federal/state/local patterns. As the federal government's role as a purchaser of child care expanded, attention focused specifically on the quality of care purchased with federal dollars. In order to assure this quality, the FIDCR established eight general areas of regulation for federally subsidized child care. Although the principal focus at that time was on center care, the regulations covered family day care as well. The following regulations are abstracted from the version of the FIDCR that was in effect at the time of the study's data collection.*

*The Department of Health, Education and Welfare has since issued revised federal regulations effective September 1980 which replace the 1968 FIDCR. The major modifications, which relate to group composition, are as follows.

- The limits on ratio clearly apply to attendance within the caregiver's home and not to enrollment.
- Caregivers' own children in the home six years of age or over are not included within the group size limits.

(continued on next page)

1. Group size requirements specified that no more than 2 children under 2 and no more than 5 in total, including the family day care provider's own children under 14 years old, were to be allowed with one adult caregiver. When children were 3 through 14 years old, no more than 6 children were permitted for one adult caregiver.
2. Environmental concerns centered around issues of location of the home, its safety and sanitation and the suitability of facilities for children. Such concerns included adequate and well-ventilated space, adequate lighting and temperature, safe and comfortable environment for naps, and separate areas for sick children.
3. Social services had to include counseling and guidance to determine the appropriateness of child care, as well as ongoing assessments of the child care arrangements. Referrals to and coordination with other social service organizations, were also required.
4. Within the health sphere, regular checks had to be performed on children, health records had to be kept and assistance was to be offered on the medical, dental, nutrition and immunization needs of children. Provision had to be made for emergency medical care, and caregivers needed to be aware of health and safety hazards. Additional assessments had to be made of staff health and well-being and their health records.

- When children under two years of age are exclusively cared for, as many as three are allowed at any given time.
- For homes with no infants an additional school-aged child was permitted.

Other specific changes include the following.

- States must coordinate subsidized health and social services to HEW-funded day care children in need.
- States must establish and implement a statewide plan for providing or purchasing training for all family day care providers.
- Providers must participate in regular caregiver training.
- Lunch and snacks must be provided, and breakfast must be provided upon parent request.

5. Staff training in areas such as nutrition, health, child development, educational activities and community resources had to be regularly planned.
6. Educational opportunities appropriate to children of each age were suggested to states.
7. Opportunities for parent participation were to be provided at convenient times for parents, including the establishment of a policy advisory committee (when four or more children were cared for) where parents could participate in policy decisions and program operations.
8. Agencies had to be governed by written personnel policies or job descriptions, job qualifications, grievance and complaint procedures, compensation and benefits plans and written employee responsibilities. Recruitment and selection of personnel had to ensure equal opportunity, and staffing patterns had to be in reasonable accord with those outlined by national standard-setting organizations.

For systems or operating agencies, certain requirements were added. In particular, the operating agency had to provide for the development and publication of policies and procedures governing program services, intake and eligibility requirements, financing, budgeting and financial reporting statements, community awareness, and evaluation and improvement of the program. Agencies were urged to avoid duplication of services and to promote coordination with state and other local agencies in a sharing of program resources.

This broad set of regulations was intended to cover all federally subsidized care, whether given within an organized system or in an independent family day care home. However, the regulations were not universally applied

until the advent of Title XX. The 1974 Social Security Act Amendments created Title XX (Grants to States for Services), to establish a consolidated program of federal financial assistance which would encourage provision of services by the states. The legislative history makes clear that Congress was reacting against the direction of previous social service programs. It was making a federal policy commitment to greater local planning, design and implementation of social service programming.

Within the Title XX law was a requirement that subsidized day care meet a modified version of the FIDCR. In fact, states were permitted to spend Title XX child care funds only in facilities that met the revised FIDCR.¹ Severe financial penalties were to be levied for noncompliance. However, the impending enforcement of the FIDCR provoked a storm of controversy, particularly over the high staff/child ratio requirements.

It became clear that implementation of the FIDCR ratio requirements would have severe cost consequences for providers, states and/or the federal government. Congress therefore suspended enforcement of the ratio requirement and, at the same time, prohibited expenditure of federal funds in facilities that allowed their staff/child ratios to fall below actual 1975 levels. In effect, almost all federally subsidized care now falls under the regulatory auspices of the modified version of the FIDCR attached to Title XX funding requirements.*

Thus, agencies receiving federal funding had to provide care which "meets the Federal Interagency Day Care

*Care purchased by AFDC recipients, the cost of which is partially subtracted in the calculation of income and benefits, is thus indirectly subsidized, but not subject to regulation.

Requirements," with the following exceptions applicable to family day care.

- Educational services were recommended rather than required of states.
- Staffing standards for children aged 10 to 14 required at least one adult for 20 children, and for school-aged children under 10 require one adult for each 15 children.
- Staffing standards for children under age three had to conform to regulations prescribed by the Secretary; that is, no more than two children under two years of age were allowed with one adult caregiver.

It is important to note, however, that except for the relatively explicit group size requirements, the language of the FIDCR allowed for considerable latitude in interpretation. For this reason, even though many facets of family day care are explicitly addressed by the FIDCR, state response has been far from uniform. Further, since the FIDCR are federal purchasing requirements, they apply only to homes from which the federal government purchases care. As was pointed out above, relatively few homes fall into this category. Thus, state guidelines for family day care, applying as they do to a greater number of homes, are often more important to family day care than are the FIDCR.

The Child Care Food Program

The Child Care Food Program, which began in 1968 as the year-round component of the Special Food Service Program for Children, provides food service primarily to preschool children in child care facilities that serve low-income families and working mothers. The program is administered through the states and in some cases, through Regional Offices of USDA's Food and Nutrition Service. In the first seven years of the program's existence, institutional participation was limited to day care centers. In 1975, eligibility was broadened to include family day care homes. In addition to the requirement that participating institutions be licensed and tax-exempt, family day care homes were required to be sponsored by an umbrella organization. In response to this stimulus, family day care systems increased in number; however, family day care homes still faced obstacles to participation. These included delays in obtaining licenses and tax-exempt status and inability to identify eligible sponsoring organizations, as well as the burden imposed by the program's required record-keeping and accounting procedures. Public Law 95-627, which gave permanent authorization for the program in 1978, also provided for a new set of regulations that would specifically address the administrative problems encountered earlier. These proposed regulations, published in the Federal Register on July 3, 1979, attempt to:

- facilitate the identification of eligible sponsors and thereby increase participation;
- increase program visibility and ensure that some outreach efforts are made by the states;
- minimize the barrier created by the licensing and tax-exempt status requirements;
- broaden the range of eligible participants;

- ease administrative burden and provide a simpler way for sponsors to calculate reimbursement;
- effect fair reimbursements for family day care sponsors and providers; and
- reduce the time involved in paying claims for reimbursement.

It is anticipated that these regulations, once they are in force, will result in substantially increased program participation by family day care homes.

Sponsoring organizations, which must themselves be nonprofit and tax-exempt, might be public agencies, child care centers or community groups. Sponsors assume the responsibility for administration of the program in a group of family day care homes. Providers make application to the program through the sponsor, who also collects and maintains necessary records, submits claims to the state and reimburses providers.

1.2 State Involvement in Child Care

Funding of Care

Considerable diversity exists across states in allocations of federal Title XX monies, both between social services and child care and between center care and family day care. Systems visited as a part of this study were located in five states: California, Pennsylvania, Texas, Arkansas and Massachusetts. Thirty-two percent of Pennsylvania's Title XX funds was allocated for child care services. In California 27 percent was allocated for child care; 20.9 percent in Massachusetts; 20 percent in Arkansas; and 17.9 percent in Texas. Table 1.1 presents a distribution

of the percentage allocation by states of Title XX monies for child care services.

Table 1.1

Distribution of Title XX Monies for Child Care Services

Percent of Title XX Monies Allocated to Child Care Services	Number of States	
	FY 76	FY 77
1-10	6	7
11-20	22	22
21-30	10	15
31-40	7	4
41-50	3	2
51-60	3	1

Source: Summaries and Characteristics of States' Title XX Social Service Plans for Fiscal Year 1977, pp. 51-52, HEW/ASPE.

Differences in patterns of usage between center care and family day care are also detected across the states. Some predominantly rural, southern and midwestern states, such as Illinois, West Virginia, Tennessee, South Dakota, Montana, Nebraska, Kansas and Ohio, purchase mostly family day care. Those which predominantly purchase center care include New York, New Jersey, California, Pennsylvania, Texas, Kentucky, Louisiana and Hawaii.

In California only a small part of child care monies from Title XX funding is designated for family day care; however, considerable state funds are earmarked for family day care (see below). Only 1 percent is designated for family day care in Texas; 13 percent in Pennsylvania; 30 percent in Arkansas; and in Massachusetts, 46

percent of child care service monies from Title XX support family day care slots.

State Regulation of Family Day Care

Since 1940 one of the responses of states to the increased use of day care has been the promulgation of standards for the care of children in day care centers and in family and group day care homes. Prior to 1940, only one state had standards specifically referring to day care and that state regulated only care given in centers.² By 1957, 41 states regulated group day care and 14 states regulated family day care homes. The primary method of regulation was licensing, and by 1968 day care licensing was "operating to some extent or as a very well established service in all but one of our 54 jurisdictions [including Washington D.C. and the Territories]."³ A 1971 Office of Child Development report on day care licensing found that family day care homes were regulated in 48 states: 39 of the states made licensing mandatory, three made it voluntary, and six states certified family day care homes.⁴

State standards for the maximum number of children per family day care home are closer to the FIDCR than are state standards for centers. In 1970, 29 percent of the states had maxima of five or fewer children per home (including the provider's children), and 58 percent of the states permitted a maximum of 6 children. By 1976, 38 percent of the states had maxima of five or fewer children per home and 41 percent allowed a maximum of six children. Nearly all states (85%) have set the maximum number of children under two that can be cared for in a family day care home at the FIDCR level of two.

States continue to set standards for recordkeeping requirements and services to clients in family day care. Table 1,2 shows the changes from 1971 to 1976 in the number of states having standards for selected aspects of family day care programs. The number of states requiring medical examinations, immunizations, and daily illness screening has increased slightly between 1971 and 1976. In 1976, 70 percent of the states required child medical exams, about half required immunizations and about one-third required daily illness screening. States are moving away from specific standards for facilities and appear to be relying more heavily on compliance with local codes to maintain safety and sanitation standards for family day care homes. States have also moved away from requiring nutrition standards for homes; 90 percent of the states had a standard for nutrition in 1971 compared to only 65 percent in 1976. Although the FIDCR do not require parent participation for family day care homes, ten states currently require that there be some degree of observation, orientation or conferences.

States usually define a family day care home as a private home in which regular care is given to 6 or fewer children, including the caregiver's own, for any part of a 24-hour day. There are, of course, variations in state definitions; some states put a ceiling on capacity at four and others permit larger numbers if the children are siblings. States also differ in licensing requirements. Some states, such as Maine, do not license homes with fewer than three children; others require licensing for anyone caring for one or more nonrelated children. Licensed homes may be further restricted in the ages of the children they are allowed to accept. For example, homes may not be licensed for infants, or homes may be required to have helpers if more than a certain number of infants are present. The

number of hours that children are in care may also be restricted.

Most of the 50 states have laws governing the licensure of day care homes. However, the sheer numbers of family day care homes and shortage of manpower caused by personnel ceilings in many states have precluded any comprehensive attempt at enforcement. By its very nature, family day care is very costly for the states to supervise. A typical licensed home may have only three children. On a per-child basis the cost of licensing and monitoring a home is therefore burdensome in comparison with the costs of monitoring and licensing a day care center, where the average enrollment may be 50 or more. As a consequence, some states concern themselves officially only with homes receiving Title XX funds or other government monies, most license only those caregivers who initiate a request for licensed status, and still others have encouraged the growth of family day care systems. In the latter case, the state, by dealing directly only with the system and not with individual homes, is able to shift much of the management burden from state staff to system staff, thereby enabling the state to handle larger numbers of subsidized homes.

1.3 Study Sites: Regulations and Funding

California

The state of California has, within the past few years, undergone considerable change in funding mechanisms and regulation of family day care systems. At the time of data collection, the Department of Education used its appropriation from the California State Budget as matching funds to meet the 25 percent federal requirement for acquisition of Title XX Social Security Act funds through the

Table 1.2

Proportion of States with Standards
for Certain Aspects of Family Day Care.

		Percent of States ^a	
		1971	1976
Child Eligibility			
Medical Exam		64	70
Immunization		37	51
Daily Illness Screening		27	37
Nutrition		90	64
Staff Qualification and Training		92	70
Records		80	81
Facilities			
Space		88	37
Health/Safety		76	67
Code Compliance		68	81
Program Equipment		68	86
Staff/Child Ratio		90	97

^a Based on available data for 37 states.

Department of Health. However, due to the ceiling on Title XX funds, state legislation provided additional funds, which resulted in a 50-50 split of federal to state matching funds rather than the traditional 75-25 split. The Department of Education aggregated funds from the state general fund, specific state legislation (such as AB 3059; see below) and the federal match process and, within the authority granted by the Child Development Act, entered into agreements and contracts with child development agencies throughout the state to provide programs for families and children.

In 1976, one of the most significant pieces of legislation for family day care in California was enacted: Chapter 355, Statutes of 1976 (Assembly Bill 3059), which created Alternative Child Care Programs. This law authorized \$10 million, \$3 million of which was specifically designated for family day care systems. One of the purposes of the bill was to encourage the development of low-cost alternative child care programs. Of the programs visited within Los Angeles, most were funded from AB 3059; one was funded through AB 99* and one other through its affiliated university's discretionary fund. Private programs, as well as programs funded through the state's new AB 3059 program, are regulated by Title 22 of the state administrative code.

In California, family day care is fully subsidized for families earning less than 84 percent of the state's median income. Families earning from 84 to 115 percent of the state's median income are eligible for reduced fees.

*Assembly Bill 99, enacted in 1973, provided funds for innovative child care programs prior to AB 3059.

Pennsylvania

In the Commonwealth of Pennsylvania, the office generally responsible for child care is the Department of Public Welfare, Bureau of Child Development. Licensing is done through DPW's regional offices. For homes under the umbrella of a sponsoring agency, the agency is licensed and delegated authority to "approve" homes, following the licensing regulations. (All subsidized family day care is provided through agency-affiliated homes.) For independent homes (those not attached to any agency), licensure is carried out by regional staff.

Over the last several years, the Bureau of Child Development has attempted to focus some of its energy specifically on family day care regulations. New regulations issued on April 4, 1978 cover center day care and family day care, as well as day care services for children with disabilities. Regulations for group day care homes--those with 7 to 12 children--were also issued; however, the regulatory mechanism for these homes is not yet fully in place. One advocate observed that the new regulations, despite a level of detail which many have criticized in relation to independent homes, are at least "clear, and it is possible to apply them equitably." The Bureau of Child Development is also responsible for allocating Title XX day care funds to the four DPW regions, which in turn have responsibility for selecting and maintaining contracts with provider agencies.

The federal law and regulations governing Title XX of the Social Security Act allow the states the freedom to decide the income ranges of the population that will be served. In Pennsylvania, families with an income less than or equal to 65 percent of the state's median income are

eligible for free day care; those earning 65 to 115 percent of the median are eligible for a day care subsidy based on the state's sliding fee scale.

Texas

Because of the state's large geographical mass, the administrative structure for the delivery of social services in Texas is decentralized to regional offices. The Department of Human Resources (DHR) administers and supervises child welfare along with other welfare services through 12 regions covering the state. The state Board of the Department of Human Resources provides policy guidance and direction to the DHR Commissioner, who has the responsibility for policy development and implementation. In general, the state has a welfare system that is locally administered and state-supervised. This model could be described as "laissez-faire," allowing the counties to respond broadly or stringently to locally perceived social needs.

There is no single government agency responsible for the delivery of child care services. There are four major divisions within DHR that are responsible for some aspect of this service. Protective Services of the Children's Division is responsible for the administration of welfare services offered to children and families in crisis situations; Social Service administers child welfare services to welfare eligibles; the Child Development Division is a newly created office aimed at developing and implementing child welfare programs; and Day Care Licensing develops and monitors regulatory statutes for child care facilities.

The Child Care Licensing Act was passed by the Texas Legislature in 1975. This act abolished licensing of family day care homes, replacing it with a registration system. It defined a registered family home as:

...a child care facility which regularly provides care in the caretaker's own residence for not more than six children under 14 years of age, excluding the caretaker's own children, and which provides care after school hours for not more than six additional elementary school siblings of the other children given care, provided that the total number of children including the caretaker's own does not exceed 12 at any given time.

Over the last four years Texas has used an average of 17 percent of its Title XX allocation for child care; Title XX funds may be used to provide 75 percent of the state-subsidized care. The State General Revenue Funds provide anywhere from 1 to 25 percent of the remaining funds, depending, in part, on the proposed number of current recipients the facility intends to serve. Local match is usually required.

The fee for child care is a weekly charge of 1.5 percent of the gross family income for the first child and an additional .5 percent for all other children served. All current recipients of AFDC and SSI are eligible for Title XX services. Except for the aged, the blind and the disabled, the income cutoff for eligibility is set at 60 percent of the state's median income (adjusted for family size).

Most of the subsidized care in the state is provided by centers which are nonprofit and serve only

Title XX-eligible children. Family day care systems are licensed by the state to recruit and operate their family day care homes. Each system is charged with the responsibility of insuring that a minimum standard of quality is met by all family day care homes in the system. The standards applied to agency homes are more stringent than the minimum standards for registered family day care homes. System homes must comply with both the FIDCR and the Texas Quality Child Care Requirements (QCCR). System homes must be "certified" by their affiliated agency as having met all the required standards. DHR does not purchase care from independently registered family day homes.

Massachusetts

In 1965, the Massachusetts legislature passed the state's first family day care licensing law. In effect, any person who gave notice to the general public that he/she cared for unrelated children in his/her home was subject to licensure. The responsibility for licensing family day care homes was delegated to the Department of Public Welfare although the law was not actually implemented until late 1969, when a family day care licensing unit was established in the Welfare Department.

In September 1972, new legislation created the Massachusetts Office for Children and consolidated both day care center and family day care home licensing in that Office. A family day care home was then defined by statute (Chapter 28A, Section 9) to allow for the care of up to six children in a private residence. In October 1974, the Office changed its method of regulation to registration. This type of registration did not require any legislative changes because this model, like licensure, required the

Office to develop, apply and enforce minimum rules and regulations for the operation of family day care homes under existing laws. In Massachusetts, free family day care is available to families whose income does not exceed approximately 60 percent of the state's median income, adjusted for family size.

Arkansas

The Child Care Licensing Act 434 of 1969, as amended, is the legal authority under which the State of Arkansas Child Care Facility Review Board prescribes minimum standards for a variety of child care facilities. The Division of Social Services under the Department of Human Services is directly responsible for the inspection and evaluation of all child care facilities defined as such by state law.

If a facility requests participation in a federally funded child care program, it must meet both the FIDCR and the minimum state requirements. The Child Care Facility Review Board has the power to establish rules, regulations and standards for licensing and operation of child care facilities.

In Arkansas, families are eligible for fully subsidized day care services at income levels below 80 percent of the state's median income.

1.4 Summary

Given the central importance of systems in the delivery of subsidized care in a family day care setting, it is important to understand how systems operate, what they cost and how they address both the day care needs of the

population that they serve and the requirements established for them by federal and state governments. This chapter has reviewed the history of both federal and state involvement in family day care and highlighted the federal and state family day care requirements.

The FIDCR occupy a central place in these discussions. At the time the study was undertaken, the FIDCR covered a variety of domains including group composition, facilities, social services, health and nutrition, staff training, parent participation and program management. Specifics of the current FIDCR differ from those in effect at the time of the study's data collection, but the domains have not changed, though the states now bear a greater responsibility than before. In fact, the increasing responsibilities of the state under the new FIDCR, such as planning for day care training and coordinating health and social services, may eventually provide an inducement for the states themselves to promote system growth as a means of responding to these federal requirements.

After presenting a detailed description of family day care systems, subsequent chapters will focus on the child care domains established in federal and state guidelines examined above and show how family day care systems address or attempt to address these goals. Group composition will be assessed from the perspective of system practices and we will see that systems almost universally adhere to the group size criteria under which they operate; provider recruitment and assessment practices will be reviewed; pre-service and in-service training practices will be outlined; health and social service delivery practices will be examined. Once system practices have been reviewed, the discussion will turn to costs. This report constitutes the first attempt to estimate the cost to family day care systems of meeting federal and state requirements.

Chapter 2: THE OPERATION OF A FAMILY DAY CARE SYSTEM

As indicated in the previous chapter, regulatory mechanisms affecting family day care varied considerably across the five states visited. In California, Pennsylvania and Arkansas, independent homes had to be licensed whether or not they received federal subsidies. Licensure limited the number of children in California and Pennsylvania to FIDCR levels. In Arkansas, independent caregivers could take as many as eight children. In Massachusetts and Texas, independent caregivers were registered. Massachusetts homes were limited to six children and were monitored on a sampling basis by regulatory authorities. In Texas, these independent homes were allowed to take as many as 12 children (six preschool children and six after-school siblings of those preschoolers).

For sponsored caregivers under both state licensure and system approval, Title XX regulations for group size and safety apply when federal monies purchase care. In some states there are considerable differences between ratio restrictions for sponsored homes and those for independent homes. In Arkansas and Texas, for example, sponsored homes are restricted to caring for no more than 5 or 6 children, yet independent homes may care for as many as 8 in Arkansas and 12 in Texas. In effect, a gap is created between homes caring for subsidized children and those caring primarily for private-fee clients. Independent caregivers may earn considerably more than sponsored caregivers based on enrollment capacity.

*Under licensing, a state licensing worker examines each home and declares whether the home meets established guidelines. Under registration, the caregiver herself attests to the fact that she meets state guidelines.

In California, Pennsylvania, and Texas, family day care systems were licensed by the state to approve their affiliated homes; in Arkansas and Massachusetts, systems approve homes but are not formally licensed to do so.* Although there are many similarities between state licensing and system approval, two major differences exist. First, under system approval, responsibility for evaluating homes is placed upon the system. Systems must abide by their state's basic approval requirements but may establish their own criteria for more selective screening. Systems usually enforce a more stringent selection process than does licensing. Second, approval by systems is temporary. Approved homes relinquish their status when they leave the system, and must become formally licensed or registered to continue child care. Some programs prefer that caregivers become licensed from the start in an attempt to encourage continuity of caregiving.**

Family day care systems were developed to provide an alternative to center day care, particularly for infants and toddlers, but also for preschoolers and school-aged children. Such systems are presently expanding at a rapid rate. Return calls to family day care systems in Los Angeles 12 months after initial interviews took place indicated that the number of affiliated homes had increased by 20 percent and the number of children served had increased by 36 percent. (The growth of California systems is largely due to increased funding specifically for purposes of developing alternative child care arrangements, with a

*Under approval, a system is given authority to attest to the fact that participating homes meet state guidelines. Such approval holds only as long as the home remains affiliated with the system.

**Massachusetts laws are presently being changed to include licensure of family day care systems.

focus on low-cost care,* but available data indicate a similar trend in other locales.) Five of the eight programs in Philadelphia anticipated increased funding for additional slots in the near future. Other sources report similar findings. The Children's Foundation, through a survey of licensing directors, supervisors and child care specialists, reported that 23 of the 48 contiguous states anticipated increased utilization of family day care purchase-of-care contracts, and only 7 states foresaw decreased use.¹ Although these projections do not specify whether or not care will be purchased through system sponsorship, the anticipated increases do indicate that mechanisms for providing increased family day care are growing in importance.

Systems are not only capable of meeting the anticipated expansion of family day care, as can be witnessed in California and Philadelphia, but also are clearly able to provide services to caregivers which could enhance their caregiving skills. Training sessions, workshops, caregiver evaluations and ongoing feedback from systems may prove to be some of the most effective contributions to the safety and quality of caregiving in family day care homes. Although systems currently limit their services to affiliated providers, they are capable of including independent caregivers in their training and monitoring activities.

Both the federal government and individual states have encouraged the growth of systems as a means of facilitating

*This recent growth of family day care systems can be traced directly to the 1976 enactment of the Chapter 355, Statutes of 1976 (Assembly Bill 3059). This bill appropriated \$3 million to be used specifically for family day care systems to serve children eligible under both Title XX and state guidelines. As yet, information is not available regarding the impact of Proposition 13 on various forms of day care in California.

the delivery of day care services in order to promote quality care, to reduce the management burden on state staff and to identify a fiscally responsible organization to facilitate day care funding. Systems typically contract with state and federal governments to provide care for children whose families are eligible for federally subsidized family day care. Although system homes represent but a small portion of the total number of family day care homes, they are important beyond their numbers, primarily because they provide most of the care for subsidized children served in family day care settings (exclusive of children subsidized through income disregard). Eighty-five to 90 percent of system slots are subsidized.

Family day care systems often relieve welfare departments and regional human services departments of the many managerial tasks necessary to deliver subsidized care. For example, it is often systems that determine families' eligibility for subsidized child care according to Title XX guidelines and determine if family income level and circumstance warrant free or reduced-fee care. Systems subsequently determine the fees to be paid by parents and bill the government for reimbursement. Other responsibilities often assumed by systems include caregiver selection and training and provision of social services, including medical and dental services for families, emergency care and nutritional assistance. At a minimum, systems refer families to local social service agencies when needs not satisfied by day care have been identified.

Purchase-of-service agreements between regional welfare departments and family day care systems reduce the burden to state agencies of contracting with and monitoring large numbers of independent day care homes. State departments can regulate and influence systems more easily and

effectively than they can individual homes. The 22 systems in this study, for example, manage from 4 to 127 providers and place from 17 to 420 children in these providers' homes. Family day care systems, particularly those affiliated with day care centers, form a convenient administrative unit for managing homes and providing subsidized care.

The administrative tractability of systems has been explicitly recognized by Congress in the establishment of the Department of Agriculture's Child Care Food Program. Only homes affiliated with nonprofit sponsoring agencies are eligible under this program. Independent homes, unlike independent day care centers, may not apply. Over the past few years, as program outreach has expanded and as program participation has been simplified, more and more systems have enrolled. In fact, although there are no accurate longitudinal data on the numbers of family day care system homes, the fragmentary data which are available show a rapid growth in the number of systems and the number of system homes over the past three years.

A range of topics is covered in this chapter, from the issues faced in starting a family day care system, including the recruitment of providers, to the special services that systems are able to offer to children and their families. Most of the chapter, however, is devoted to examining various aspects of the relationship between sponsored providers and their sponsoring agencies: the responsibilities of sponsors to providers and of providers to sponsors; providers' legal status as subcontractors or employees; and exclusive use agreements between caregivers and sponsors.

2.1 System Start-Up

The lack of available start-up funds has almost universally limited the development of systems to pre-existing social service organizations which can afford to support a program financially for a number of months before the system can generate any income of its own.* Social service organizations, recruiting during a period of increasing government allocations for day care, have responded to the growing need for day care by developing family day care programs. Community organizations, mental health centers, universities, religious organizations, Head Start agencies, city governments and nonprofit independent day care centers are among the types of organizations which have initiated family day care systems. These organizations recruit staff from within their agencies to write proposals for the funding of family day care programs. As contracts are awarded, the process of hiring additional staff, screening providers and recruiting children is begun. In some instances, those involved in the proposal efforts later take on the responsibility of system management. In other cases, additional staff are hired to manage the programs. Funding from awarded contracts is not received until the program is underway and is able to generate child-hours and complete billing forms. During the start-up period, programs must be financially supported by parent organizations.

In California, start-up efforts through AB 3059 funding were further complicated. From the initial implementation of AB 3059, an atmosphere of uncertainty surrounded continued funding. Changes in procedures and regulations

*Only one family day care program in the study has no affiliation with any other social service organization.

during the first fiscal year. (July 1976 to June 1977) were commented upon by all directors. Midway into the first fiscal year, the State awarded unexpended AB 3059 monies to agencies which had not received state contracts but had applied for funding. Subsequently, near the end of the fiscal year, the uncertainty of second-year funding forced most directors to reduce their program operations. In a sharp turn of events, the beginning of the new 1977-1978 fiscal year brought additional funding for some programs and still later a cost-of-living increase for all programs.

Each change required agencies to resubmit projected budgets based on new contract amounts. Agencies were not reimbursed for child-hours beyond the maximum contract amount, and because the contract amounts fluctuated, directors had to increase or decrease both the level of child enrollment and the number of system providers. The difficulties experienced during start-up in California point up the coordination needed between various state, regional and county agencies to effectively implement child care policy. Differences result in bureaucratic tie-ups, funding difficulties, fluctuations in enrollment and increased caregiver turnover.

In most other locations, systems were considerably older than those in Los Angeles and start-up information was out-of-date. The one exception was the program in Arkansas, which was begun in May 1977. Its major problem during start-up was recruiting providers; state licensing procedures apparently acted as a strong disincentive to applicants. When applicants learned what was involved in licensing, many decided not to join the newly developing system.

During interviews with system directors, start-up expenses were reconstructed and estimated values computed.

The total dollar value of start-up tasks ranged from \$1,200 to \$14,700 with an average cost of \$5,500. (See Appendix B: Table of Start-up Costs.) Sixty-one percent of start-up costs was expended on labor and 32 percent on supplies and equipment; occupancy expenses accounted for only 7 percent. Identification of necessary start-up incentives will be useful to government agencies and other organizations who wish to encourage the expansion of sponsored family day care.

2.2 Selecting Providers

Initial recruitment of caregivers is a special problem for new family day care systems; yet the selection of responsible and suitable providers continues to be an issue for established systems, as turnover and growth create the need for new caregivers. As they attempt to insure that quality care is given, system personnel spend considerable effort selecting providers and maintaining relationships with them.*

The selection of providers is a key aspect of operating a family day care system. Three general types of selection criteria for screening providers were identified:

- approval of the home environment;

*The relationship between the system and providers influences the characteristics of sponsored caregivers. Sponsored caregivers are different from nonsponsored caregivers and approach caregiving differently. For example, in each site, sponsored caregivers were the least likely to provide evening, overnight and weekend services while unregulated providers tended to be the most likely to do so. Study data will present comparisons such as these and will aid us in understanding why some of these differences exist.

- approval of and need for care in the geographic area of the home; and
- approval of the personal characteristics of the provider and her family.

First, systems check and approve all homes, whether or not providers are already licensed. System staff check on cleanliness, sufficient space for children to play in, adequate exits in case of fire, and other specific safety aspects of the home. If a home is unlicensed, a program can approve the home to care for children while it is affiliated with the program. Such approval is a temporary, semi-licensed status. If the provider leaves the program and intends to continue child care, she must apply for a license or become registered, depending on the state in which she resides.

Systems indirectly assist providers in obtaining their license for caregiving. For example, system staff may visit a home and determine what features present safety hazards which can be corrected before state licensing personnel reject the home for hazardous conditions. Few programs offer financial assistance to eliminate hazards; instead they suggest discount outlets where items can be purchased, or inexpensive ways to remedy the situation. For example, chairs may be used in place of safety gates to prevent young children from climbing stairs to second floor rooms which are unattended. Cots may be purchased from discount outlet stores and sterilized. Radiator covers may be constructed from household items or furniture may be rearranged to prevent access to hot pipes.

Second, systems seek homes within geographic areas of client need. Directors realize that convenience in

transporting children is important to parents. They prefer that homes be close to the children's home, close to the parent's place of business or somewhere between the two. Directors pointed out that they have some providers with whom they would like to place children, but cannot because the caregivers' homes are located in areas where there is no need for care. From experience, directors have learned that location is important to parents.

Third, systems screen providers by scrutinizing their personal characteristics and physical health as well as those of their families. Directors prefer applicants who are flexible, warm, loving, enjoy children, and have physical stamina. Motivations for applying are always probed. Some systems will not take providers who are dependent on caregiving income. Directors of these programs feel that caregiving is not a dependable source of income and fear that providers in need of income will leave shortly for more lucrative jobs. Directors are not particularly concerned with age, education or experience, although they prefer experience in raising children. Another requirement is that providers be able to complete the required paperwork. Some programs have minimum age requirements of 18 or 21, but seldom do very young persons apply.

Directors agreed that it was difficult to judge providers' personal characteristics or sincerity. A variety of techniques were used to screen providers on personal characteristics--techniques that fostered familiarity. Personality questionnaires were administered, observations were made of providers caring for children, and a series of interviews and home visits with applicants' families were conducted.

The most successful screening method reported was preservice training, when staff could become familiar with the applicant over a one- or two-week period. The applicant could also decide if she really wanted to join the program after learning about system rules and expectations. Even when they do not use preservice training as a screening method, most systems make considerable effort to inform providers of what will be expected of them. Systems help some applicants decide whether caregiving is a viable income-earning profession. When some applicants learn about licensing requirements and their responsibilities to the program, they decide against caregiving.

Although some programs found it easy to recruit providers who met their eligibility requirements, others stated that they had to screen many applicants before finding one acceptable provider. The number of applicants who were screened before one was accepted varied by program from 2 to 24, with a median of 16.* Stated differently, this statistic means that, on average, out of 16 providers who called in response to an advertisement for a child care position, only one was accepted into the program. Selection criteria or regulatory requirements such as licensing and approval, coupled with the system's own concerns for selecting providers, limit the number of sponsored family day care providers and produce a group of providers who are different from nonsponsored caregivers. As we will see in the following section, such services to sponsored providers as training sessions and ongoing evaluation further promote their professional development.

*California programs were not queried on this point; this average is based on systems in Pennsylvania, Massachusetts, Arkansas and Texas.

**This also implies that if federal and/or state funding should be increased so as to encourage the expansion of family day care systems, there will be no shortage of applicants for caregiving positions.

Provider Responsibilities to Systems

When providers join systems, whether they contract their services or are paid as employees (see Section 2.5), and whether they operate exclusively with the system or also have private clients (see Section 2.6), they are expected to accept three types of responsibilities:

- to provide a safe and adequate caregiving environment;
- to develop and maintain caregiving skills; and
- to perform recordkeeping and paperwork tasks.

Provision of a Safe and Adequate Caregiving Environment

When a caregiver joins a system, she is, at a minimum, expected to be dependable and responsible for the safety of the children in her care, without exception. Indications to system staff that caregivers are negligent usually result in immediate dismissal by the sponsor agency. The system's license as a child care facility is in jeopardy if negligence is reported to state welfare or licensing agencies.

Caregivers also prepare meals, according to system guidelines on nutrition or Child Care Food Program requirements. The Child Care Food Program has now begun identifying specific foods as acceptable or unacceptable, thus increasing the effort of food purchase and preparation.

Development and Maintenance of Caregiving Skills

Caregivers also agree to provide a certain level of quality caregiving according to each system's individual

approach to child care. Considerable variation exists among systems in the emphasis they place on communicative skills, school readiness activities, outdoor exercise and passive activities such as watching television. These emphases appear to be related to the system's goals or the director's background. For example, some directors heavily trained in center care influence providers, through in-service training, to be activity-oriented. Systems associated with mental health centers, where staff are medically oriented, tend to focus on the socioemotional development of children. Such programs may, in recruiting children, choose clients who may best benefit from their particular brand of day care. Systems affiliated with large community or voluntary social agencies, particularly those located in low-income areas, are primarily concerned with providing services to a large number of needy families. They concern themselves with creating safe and warm family day care environments for children of working mothers.

To develop and maintain caregiving skills, providers are expected to attend training sessions regularly and apply their new skills in practice. (See below for a detailed discussion of training programs.) Providers are evaluated periodically and offered help in improving their skills. In particular, caregivers must be capable of accepting constructive criticism about how to care for other people's children. Some are required to develop activity plans and must keep the system informed of how the caregiving arrangement is working. Caregiver homes must also be open to visits from system staff--visits that are sometimes unannounced.

Paperwork and Recordkeeping

Providers need to prepare menus, keep copies on file, and keep medical records of children handy in case of emergencies. When they join a system they must complete applications and present evidence of medical exams for themselves and their families. Attendance forms and head counts are used for reimbursement of food costs; number of meals served is recorded. Self-evaluation forms are occasionally required, as are various records of the progress in the caregiving arrangement.

Caregivers that join systems must be capable of completing the required forms. Some programs consolidate forms to alleviate this burden. The relationship between providers and their sponsoring agencies evokes a personal commitment from providers to be responsible caregivers. The required paperwork and recordkeeping--as well as meetings, training sessions and home approval--attest to the professionalism of these providers and the importance that they attach to their work.

2.4 Services to Providers

Family day care systems perform a number of useful services for providers. They are responsible for billing the government for reimbursement and may collect parent fees where appropriate. The provider may then be paid by the system rather than by the government administering agency (whereby payments are frequently delayed) or the parent (who occasionally does not pay). When the system pays providers for child care, they are usually paid in a regular and consistent fashion.

As already noted, in some states, systems may approve a home for child care if a provider is not already licensed. Systems distribute supplies, loan safety equipment, and pay for liability insurance. They provide substitutes for caregivers when they are ill and occasionally assign helpers. They are supportive of providers, offering counseling when difficulties arise. People in the sponsoring agency understand what the caregiver's day is like, and home visits from directors and social workers are often favorably received.

Most important, systems train providers and evaluate them periodically, offering feedback on their caregiving skills. Training programs for family day care providers are varied in nature, scope, and length or frequency of sessions. Different systems place different emphasis on types of training presented, have different policies for attendance and different stated purposes for the sessions, be it dissemination of information, a means to evaluate providers or a supportive and social group activity.

Forty percent of the systems studied offered preservice training programs. Preservice training is used both as a screening mechanism to select caregivers of the type desired by the agency and as an opportunity to educate new caregivers. While program staff identify the applicants' strengths and weaknesses and determine their appropriateness, applicants can learn of the system's requirements and expectations to decide if they will fit in.

Although all systems claimed to train providers, the range of topics, frequency of sessions, requirements for attendance, and importance placed on training varied

considerably.) On average, providers were offered five hours of training per month. Although providers were expected to attend training, one-third of the programs did not require attendance. When programs required attendance, the attendance rate was approximately 85 percent. When programs did not require attendance, only 50 percent of the providers regularly attended. Programs that require attendance organized more frequent sessions--approximately 6.1 hours per month of training was offered in programs with mandatory attendance versus 3.2 hours of training in programs with optional attendance.

Common explanations for absenteeism from training sessions are inclement weather, transportation and babysitting needs, a reluctance to leave the home in the evening (especially in high crime areas), disinterest in the scheduled topic and previous personal commitments. To encourage attendance and participation, a number of caregiver incentives are offered: transportation costs and babysitting may be reimbursed based upon caregiver need; supplies are sometimes distributed to caregivers at the end of training sessions; topics in which providers are interested are assimilated into the training program; and in programs with day care centers, sessions may be held at the program's day care center during the day, when it is more convenient for caregivers to attend, and caregiver children may be cared for by center staff while training takes place.

*Although all programs offer some training, a few candid directors expressed a need for help. They felt that an additional staff person would be needed to coordinate an effective ongoing training program.

One program tested changes in style and content of its training sessions in order to encourage attendance. They made training less formal and less lecture-oriented, included more topics suggested for discussion by providers, and invited parents to attend.* Parents' presence at the meeting enhanced the spirit of the sessions and promoted increased understanding between providers and clients. This program enjoyed close to 100 percent attendance at its training sessions. Finally, one common and practical incentive for attendance is the social nature of the meetings. Providers look forward to training sessions as a way of sharing with others their common difficulties and the rewards of caregiving.

Topics discussed at sessions are varied. They include nutrition, community resources, child development, recordkeeping, health and safety, parent participation, art, activities for children, family day care as a business, insurance and taxes, problem-solving, role playing, observations of child care in centers, and development of providers' self-esteem. Providers and parents occasionally have disagreements over child-rearing practices and lifestyles. Sensitive issues such as value structure, lifestyles and cultural differences need to be integrated into training sessions to help bridge the gap between providers and parents of various social groups.

One agency trained caregivers to become independent day care providers. This agency maintained that their

*Although parent participation worked well for this program, it may not be feasible in other systems. Directors feared that providers in some programs are not professional enough to delicately balance their child-care concerns with those of parents.

mission included, the promotion of quality child care within their community and the provision of well-trained independent caregivers. Their training program was designed to help providers become confident enough to leave the security of the sponsoring system, thereby making room for less experienced caregivers. For novice caregivers, the experience gained from system sponsorship enriches caregiving and business skills.

Persons involved in training were usually directors, assistant directors, social workers, nutritionists and welfare department consultants. Outside professionals occasionally lectured on specific topics, but it does not appear productive simply to lecture to providers. Some programs coordinated accredited workshops and seminars with local schools. Although outside high school or college courses on early childhood education were often encouraged, directors felt that it is unrealistic to expect providers to attend. Instead, certificates designed by the program were sometimes given to providers after attending a specified number of hours of training.

Many directors stated that one of the most rewarding aspects of operating a family day care system was working with providers and watching them grow as competent caregivers. Directors attested to the value of training in improving caregivers' self-esteem and professionalism. Others felt that suggesting activities and improving specific caregiving skills was important. All agreed that the contact, participation and supportive nature of training sessions helps providers to share a common sense of purpose and to mature as caregivers.

This assessment on the part of directors was borne out by our analyses of caregiver behavior. Training was

found to influence the pattern of activities in the day care home. Homes in which the caregiver had some training related to child care tended to display more teaching, more language/information activity, more music and dramatic play and more comforting behavior on the part of the caregiver. This pattern of behaviors suggested more structured teaching on the part of trained caregivers. A more extensive discussion of this topic is contained in Chapter 11 of the Research Report (Volume II of the final report of the National Day Care Home Study).

It appears, then, that sponsorship does influence caregiving style, not only through 'systems' selection criteria but also through training and feedback offered to caregivers.

2.5 Status of Sponsored Providers: Contracted or Employed?

The unique relationship between providers and sponsors has developed primarily in response to issues of wage and benefit compensation. Family day care providers have been and continue to be one of the lowest income groups of workers in the U.S. One of the major cost issues underlying the present payment level for family day care is the trade-off between wages of providers on the one hand and limited public dollars and parents' ability to pay for child care on the other. Although the FIDCR do not specifically address the employer/employee relationship, regulation of minimum wages has induced most family day care systems to develop a contract with providers in order to avoid the more costly minimum hourly wage arrangement, which many systems feel they cannot afford. Laws on unemployment compensation have influenced systems in a similar fashion. If providers were employed directly by systems and paid hourly wages,

programs would be forced to pay minimum wages and contribute to unemployment insurance, workmen's compensation and social security taxes, and would deduct local, state and federal taxes from providers' earnings. Systems might also be forced to pay overtime increments for providers working more than eight hours daily or forty hours weekly (an almost universal occurrence).

As a result of these threatened increased costs due to regulatory forces, all but one of the systems visited subcontracted with providers for care rather than treating providers as employees. Most had written contracts or oral agreements that define the relationship between the system and affiliated caregivers. Systems, through their agreements and contracts, clarify the following:

- the hours that providers are available for care;
- the number of children providers are allowed to take;
- the rates providers are paid; and
- whether providers may take children on their own; i.e., private, nonsystem children..

Issues of equity and increased costs of care arose in discussing methods of payment with system directors. They felt that if caregivers were employees, wages would not be equitable--that a provider caring for one or two children would be paid as much as one caring for six. Moreover, providers' salaries would be subject to payroll tax deductions, reducing net earnings. Directors also felt very strongly that they could not afford to pay wages without sizable increases in government reimbursement rates.

Only one system of the 22 systems studied maintained an employer/employee relationship with its providers. (See

Appendix A: Individual System Descriptions.) This program, based in Philadelphia, placed four or occasionally five children per home. Providers were paid less than the minimum wage but were entitled to all the fringe benefits offered to administrative staff, such as sick days, vacation days, FICA contributions and payroll insurance. When the dollar value of paid days was computed, their earnings reached \$2.65 per hour, equal to the minimum wage standard of 1978.* The minimum wage increase to \$2.90 in January 1979 and anticipated increases to \$3.20 by 1980 will probably leave the system unable to meet minimum wage levels, given current funding projections.

Comparison between percentage breakdowns of operating costs of the Philadelphia system and the non-wage systems is presented in Table 2.1. For comparative purposes, provider payments and administrative costs are presented separately in both wage and non-wage programs. In the wage-paying program, costs for nonlabor expenses and provider payments were considerably higher. They appear to be offset, however, by lower administrative costs.

Directors assume that contracts with providers legally protect their agencies from court action on the basis of providers' status as employers. Some programs, however, have experienced difficulties in this regard, although those participating in the study have not been affected. In northern California, a provider affiliated with a system applied for unemployment compensation after terminating with the system. The hearing officer at the local employment office evaluated her status as that of an

*The \$2.65 dollar value of hourly earnings is based on 55 hours of work per week at straight time.

Table 2.1
Breakdown of Program Costs

	Wage System (N=1)	Non-Wage ^a Systems (N=15)
Labor Costs:		
Administrative Costs	26%	39%
Provider Payments ^b	57%	50%
Nonlabor Costs	<u>17%</u>	<u>11%</u>
	100%	100%

^aOf the 18 systems, one was an after-school program and was considerably different from the others. Another program merged costs of their center operation with family day care costs. Costs in these two programs were not representative of family day care and therefore were removed for cost analyses. Throughout the report, where cost data are presented, an N of 16 is used.

^bProvider wages and fringe benefits are summed under Provider Payments for the Parent-Child Center.

employee because a number of her responsibilities to the system met unemployment office guidelines for awarding unemployment benefits.

- She was required to attend training sessions and agency meetings.
- She was required to keep attendance records for the agency.
- She was paid regularly by the system.
- She was being reimbursed by the federal Child Care Food Program for food services.
- She was required to prepare menus and keep records for the Child Care Food Program.
- She was available for work.

This provider's contracted status was overruled in favor of employee status, and the employment office awarded her unemployment compensation. Currently, the case

between the family day care system and the unemployment office is pending in court. If providers are considered to be employees of systems regardless of written contractual agreements, it is feasible that many programs across the nation may be forced to incur the additional cost of employment compensation insurance and payments. In addition, because the earnings of providers are so low, it is not clear at what point a decrease in enrollment would allow a provider to receive unemployment benefits. Although the case cited may reflect a ~~imminent~~ or local interpretation of eligibility for benefits, it exemplifies an area of concern and represents one of the many legal issues facing family day care systems. Other legal issues similarly related to employee status involve such fringe benefits as overtime increments, workmen's compensation, social security taxes and other federal and local taxes--which together are potentially capable of accelerating the cost of care.

For the present, contract status primarily alleviates legal issues for family day care systems. A secondary purpose for contracting with providers is to develop a close-knit group of providers who maintain a commitment to their sponsoring agency. The use of exclusive use agreements, discussed below, is a further extension of the contract between sponsoring agencies and their providers.

2.6 Exclusive Use Agreements

Twelve of the 22 programs studied in the NDCHS had exclusive use agreements which restrict providers from taking children not enrolled and placed by the system. (See Appendix C: Program and Cost Characteristics.) These agreements give systems exclusive access to their affiliated providers for child care. (Exceptions are occasionally made by systems on rules restricting the enrollment of nonsystem children.)

There are a number of reasons that systems elect to maintain exclusive use agreements. First, exclusive use agreements allow the program to know how many children are being cared for at any time. In this way the system can more easily monitor homes for compliance with group size requirements, thus avoiding the risk of losing space to nonsubsidized children enrolled directly by providers. Some systems use exclusive use agreements to enforce their determination of the number of children each provider can comfortably handle. They place more children in the homes of more experienced providers and fewer in homes of less able or experienced providers.

One disadvantage of exclusive use programs is that in some states, such systems have very little flexibility to respond to the needs of families. That is, systems that place and serve only Title XX-eligible children may be forced to terminate a child if the family's income increases over the eligibility ceiling, making the family ineligible for subsidized care. Such a situation is especially regrettable when it provides an incentive to parents to refuse a raise because the increased salary will make them ineligible for subsidized day care and thus effectively decrease net family income.

In comparisons between the exclusive use and non-exclusive use systems, t-test analyses at the .10 level of significance uncovered slight differences between the groups.* Exclusive use programs were found to be older by an average of 6.8 years; directors were more educated by 1.5 years; providers received 8 more paid days off per year;

*T-tests were completed on the 16 programs which supplied complete program and cost data. Of the 16 programs, 9 have exclusive use agreements with their providers.

67 percent of the exclusive use programs offered preservice training, but only 14 percent of the non-exclusive use programs offered such training; the exclusive use programs offered an average of 6.6 hours per month of provider training, as opposed to 3.0 hours in non-exclusive use programs.

2.7 Special Services to Children and Parents

Sponsored day care, provided within the framework of this complex relationship between agency and caregivers, often offers certain special services to clients. Federal regulations, in fact, suggest that systems and providers extend a range of services to children and families beyond those of child care. The capacity or willingness of systems to comply with federal regulations varies widely. The diversity of service levels discussed in this section will also be useful in explaining variations in unit costs per child.

Free and Reduced-Fee Care

The major service extended by sponsoring agencies is the administration of child care subsidies through Title XX funding, allowing approximately 90 percent of the children served (or an average of 41 children per system) to receive free or reduced-fee child care.* Occasionally, systems are capable of extending this service to those who do not qualify for federal assistance, through scholarships and reduced fees supported by private or public sources. This major administrative service opens the door for many families to receive the range of social services that frequently accompany subsidized child care.

*Because systems were generally underutilized, average enrollment is understated.

Referrals

System staff are frequently able to recognize unmet needs of families and either offer direct aid or refer them to other social service agencies. One of the most modest, yet most helpful, services which day care systems can perform is referral work. Although all directors claimed to offer this service, some were obviously more involved in referrals and follow-up than others. Almost all agencies extended some non-day care services. Other programs within the agency, such as housing or employment programs, were used when available services matched parent needs. One director kept an updated reference book on local and statewide services. Her frequent contacts with various agencies facilitated service delivery to those in need. A few programs did little referral work, stating that parents appeared to be in need of day care services only. These programs did not have staff specialists such as social workers, health coordinators or education specialists. Referral rates may reflect the needs of families in the community, the ability of staff to recognize unmet needs or their access to services.

Health Services

Only a few of the 22 systems directly administered some form of health or dental services to clients or providers. These few had nurses or specialists on staff who performed hearing and developmental tests and psychological screening. Five programs offered no help in arranging or providing medical screening or delivery. A profile of the delivery of health-related services by the study systems is presented in Table 2.2.

Screening services arranged by systems usually included vision, dental, hearing and immunization services.

Those programs which arranged for psychological testing were most often associated with mental health clinics. Most programs arranged for children's medical exams only upon request by parents who were unable to arrange or pay for the services themselves.

Table 2.2

	<u>Provision of Health-Related Services</u>	
	<u>Systems Providing Services Directly</u>	<u>Systems Making Arrangements with Other Agencies/ Physicians</u>
Medical exams (children/providers)	0	8 ^a
Hearing tests	1	5
Vision screening	0	5
Immunizations	0	5
Psychological observations and testing	1	3
Developmental tests	1	1
TB testing	0	2
Lead paint testing	0	1
Sickle cell anemia testing	0	1
No assistance with medical screening or services	0	5

^aOf the eight systems that assist with medical exams, three arrange for physical exams of providers and their families who request it.

Systems relied on three general types of agencies for subsidizing these services: public health departments, health clinics, and affiliated parent organizations. The distribution of systems by source of health services subsidies is presented in Table 2.3. Of all 22 systems, only 3

took on the full cost of providing such services. These systems, in fact, had staffs that included social workers, nurses, nutritionists and, in one program, a health coordinator and handicapped services coordinator.

Table 2.3

Agencies Subsidizing Health Services

<u>Source of Subsidy for Services</u>	<u>Number of Systems</u>	<u>Percentage of Systems</u>
Local public health department	7	32%
Dental, medical and mental health clinics (free to clients, Medicaid or sliding fee scale)	7	32%
Family day care system or parent organization ^a	3	14%
No services arranged by system	<u>5</u>	<u>23%</u>
	22	100%

^aWhen the parent organization arranges health services, other programs (e.g., Title XX) usually subsidize costs.

Few systems offered comprehensive health screening and immunization services.* If delivery of these services were federally mandated, the level of effort and/or cash costs to directly offer such services would place an added burden on systems. As can be seen from Table 2.3, systems presently generate in-kind contributions of services to provide health screening. Comprehensive health screening

*Only one director planned to develop a preventive health service program. The agency was affiliated with a mental health center based in a hospital building.

may be accomplished through additional contributions of health services from public health departments or from local clinics. In this case the major costs to deliver these services are administrative. One half-time health coordinator with knowledge of local medical facilities could generate donations of health services, arrange for transportation of children and complete additional clerical and recordkeeping tasks. Using the mean hourly rate of a nurse within the programs (approximately \$6.20 per hour), the annual salary of a half-time health coordinator for a program of less than 100 children would be \$7,200, including fringe benefits of 12 percent.

When estimated costs for transportation, health and office supplies, occupancy and indirect administrative overhead are added to projected labor costs, an annual cost of \$10,000 is computed for providing a 100-child health screening program (see Table 2.4). The cost for a health program of 100 children would be \$100 per child per year (\$2 per child per week, or \$.38 per child per day). Using the median government reimbursement rate of \$9.50 per child per day, costs would increase by 4 percent.

Another issue related to providing comprehensive health services is the addition of a health coordinator to a system's training program. Workshops on health and safety may be more effectively planned, and home monitoring visits would include the expertise of a health professional. Some programs, however, may not be able to assign an additional staff member for a specified task such as health services. Programs which are understaffed need to handle emergencies, visit homes, arrange for substitutes, screen applicants, determine eligibility and budget expenses before additional services can be effectively planned. Mandating comprehensive health services may, given funding constraints, force these

programs to increase eligibility requirements to families (e.g., health screening of the child) before enrollment. That is, programs may require parents to obtain all the necessary immunizations and physical exams for children before enrollment in the program, effectively shifting the mandated requirement from systems to parents. Consequently, this may discourage parents from enrolling children in systems.

Table 2.4

Estimated Health Program Costs

	<u>Annual Costs</u>
Labor and fringe benefits	\$7,200
Transportation	600
Supplies (office and health)	240
Occupancy (including telephone)	<u>800</u>
	\$8,840
Indirect administrative overhead at 15%	<u>1,326</u>
	\$10,166

Placement Services

Most systems place children by setting priorities among parent needs and preferences, child needs and provider preferences. In most instances, systems are concerned about the match between parents and providers and encourage them to meet beforehand. Systems vary considerably, however, in their approach to placement. Some insist on a gradual placement policy, whereby the child is accompanied by the parent for the first few visits and becomes acquainted with

the caregiver and her home before being left for the day. Other programs release the names and addresses of two providers and expect arrangements to be handled by the parent. A few programs stress the variety of child care programs offered in their homes and ask parents to select the type of environment they prefer--for instance, structured versus unstructured situations, emphasis on school readiness activities versus emphasis on free play, or groups of children of similar age versus mixed age groups.

Most typically, placement is made according to the following criteria, in order of importance.

- Homes must have available space (children are not shifted from one home to another to make space).
- Homes must be conveniently located for transporting children.
- Parent preferences on provider personality and child care style are met.
- Providers agree to take the child (most frequently based upon whether the child will fit in, given the ages of other children in care and whether the child is toilet trained).

Occasionally, providers refuse to take certain children. If their reasons are not acceptable to the system, a provider may be terminated. In most instances, however, these differences are worked out.

In some programs, directors match the needs of children to capabilities of providers. Children's special needs are considered in placement, although children with special needs requiring specialized attention, such as learning or speech disabilities, are seldom placed in sponsored homes. When they are, providers who have had special needs children of their own are usually chosen, both

because they are aware of the additional demands of caring for these children and because many providers are not able or willing to accept special needs children.

Transportation

As mentioned previously, only one program transported children to and from day care homes.* Children transported centrally spend considerable time commuting to and from their homes, particularly when other children are being picked up and delivered en route. Transporting young children (infants, toddlers and preschoolers) is not only time-consuming but, depending on the age of the children, may also require the assistance of an adult to handle each child.

To avoid such difficulties, most programs leave transportation up to the parents. When homes are located within the parent's neighborhood, transportation of the child is convenient for the parent. In those few cases where a real transportation need exists, special arrangements between parent and provider are encouraged by paying caregivers for mileage and time.

A few programs serving primarily school-aged children select homes which are within three blocks of public schools. Children attending morning or afternoon sessions are thus within walking distance of their family day care homes.

*This program, located in Houston, Texas, is a large multi-service organization offering a number of center day care programs. Transportation in this program is offered primarily because the organization already has a large capital investment in buses for its center programs and senior citizens programs.

Parent Involvement

Seven systems had organized parents' advisory committees, but of the seven, only three claimed to have active parent groups. These three programs had different reasons for involving parents. Two programs served single teenage parents who are considered a higher risk group than other groups of parents. They were therefore expected by the program to participate in either educational sessions or parent groups. Involvement in their child's development was stressed and willingness to participate appeared to be a criterion for acceptance of the teenager into the program. The remaining system with heavy parent involvement had primarily private-fee parents. Parents in this system were associated with a university and may be distinctly different from most parents using sponsored day care.

In most instances, parents work days and are unwilling or unable to become involved in the management of the system. To encourage participation, systems hold socials or give partial responsibility for fund-raising to parents. Most directors expressed a desire to encourage more participation, but were not certain that parents would respond. They surmised that when parents' needs are met by the system, parents' further input is probably not necessary.

2.8 Summary

Family day care systems offer a range of social services to providers, children and their families. The organization of systems facilitates the delivery of services such as health screening to families and training to caregivers. Most systems are able to maintain frequent contact with providers, particularly through exclusive

use agreements, offering them meaningful feedback on their caregiving skills. Systems can select providers, identifying those who may be less able to use the feedback provided and encouraging these applicants to seek other employment. The extent to which regional and state agencies could develop and maintain such close relationships with the many providers under their jurisdiction remains questionable.

Chapter 3: DESCRIPTIVE PROGRAM AND COST FINDINGS

Chapter Two is a discussion of the components of family day care systems: the actors, their responsibilities, the services offered, and some of the cost features of systems (provider payments and health service costs). In this chapter findings are presented for selected program characteristics and for system costs viewed from several perspectives. A profile of the NDCHS systems is developed beginning with a presentation of such measures as system size, including number of providers, number of children served, and group size (number of children enrolled per home). The discussion continues with a synopsis of administrative staff characteristics, including the relevant characteristics of the system's director. Two system indices are developed to summarize system functioning. A program index is developed to show the level of administrative responsibility that the system bears for its caregivers (such as screening, monitoring and training). A family services scale is also developed to show the level and kind of services supplied directly or indirectly by the system to children and families.

Cost characteristics of systems occupy the bulk of this chapter. The presentation of basic cost characteristics (Section 3.2) is followed by a series of findings related to how resources are allocated to functional categories, the key role of administrative costs, the potential trade-offs between administrative costs and direct care costs, and the significant impact of in-kind resources on the supplemental services offered.

Cost information was collected from all programs in the study sample for Fiscal Year 1977-78. Costs were measured in several ways, each important to comparative cost considerations. The following cost terms are used throughout this chapter in presenting and discussing cost findings.

- The total cash cost is the total cash expenditures required to operate a program. Cash costs reflect cash income received from the government and from all other sources.
- The total resource cost is the cash cost plus the estimated value of donated goods and services levered by the program.^{*} This term is interchangeable with total resource value.
- Committed cash contributions represent significant and stable cash income received from United Way and other nongovernment sources. Such contributions are included as income and are reflected in cash costs.

It is useful to consider cash and total resource costs in comparing overall cost differences between programs, it is also useful to examine how these costs are allocated to core services (components common to all child care) and to supplemental services. Cash and total resource costs (including personnel and nonpersonnel costs) are thus separated into two categories.

- Core costs (core resource costs) are cash costs and resource costs incurred for administration, child care, food services, and space--four functions common to all systems.

^{*}In-kind or donated resources include volunteers, CETA workers and other staff paid by a third party, sponsor agency personnel (typically administrative staff and specialists who devote time to the program that is not charged to that program account), space occupied free of charge or at reduced costs, and all contributed materials and equipment.

- Supplemental costs (supplemental resource costs) are cash costs and resource costs incurred for services that supplement the basic day care delivered by a system and are not common to all systems. Such services include: health services, social services, parent involvement, and staff training.

Finally, a set of cost terms is used to indicate proportions of total resources allocated by a program for administration and for the direct care of children.

- Administrative costs include all personnel and nonpersonnel costs required for administrative tasks including all space costs.
- Direct care costs include costs associated with direct provision of care--caregiver time, food costs and materials.

3.1 Program Characteristics

The systems studied ranged in age from one year and 10 months to 27 years; the median age is approximately 5 years (see Appendix C). The Los Angeles programs in the study, with a median age of 2.3 years, were considerably newer than programs in the remaining sites. These programs were funded (or expanded) in Fiscal Year 1976-1977 when the California Legislature passed Chapter 355, Statutes of 1976 (Assembly Bill 3059), which authorized funding for alternative child care, including 30 family day care systems. In contrast, programs in the remaining sites averaged 8.8 years in operation. Some had their origins in long-established religious organizations which had for many years been providing foster care, adoption services and family day care through a variety of income sources. Currently, all the sites except Los Angeles receive Title XX monies.

The size of the systems included in the study varied widely, although the great majority of systems were small, coordinating 30 or fewer providers. The distribution of systems by the number of providers is given in Table 3.1.

Table 3.1
Number of Providers

<u>Number of Providers</u>	<u>Number of Systems</u>
Less than 16	10
16 to 30	7
31 to 45	2
46 to 60	1
61 to 75	0
76 to 90	0
91 to 105	0
106 to 120	1
121 to 135	1
	<u>22</u>

It should be noted that there are two very large systems, each with more than 100 providers. These two systems are also the oldest and have been in existence for 27 and 23 years. Thus, it appears that the systems with atypical longevity have developed the capacity to manage extremely large numbers of homes.*

*A 1978 study of family day care systems for the state of California found that none of the 25 systems reviewed had more than 50 homes and that all but 3 had fewer than 40 homes. However, a more recent study of the Child Care Food Program for the Food and Nutrition Service of the Department of Agriculture has found that there is now a tendency for some new systems participating in this program to grow quite large, even exceeding 1000 homes. These large systems are single-purpose agencies created solely to administer the CCFP and thus function differently from the systems in this study.

Considerable variation also exists in the number of children served by systems, although this distribution is similar to the size distribution by number of providers. The distribution presented in Table 3.2 illustrates that almost half of all systems enrolled less than 50 children. Size ranged from 16 to 421 children, and only three of the study programs served more than 150; the median is 46.*

Table 3.2
Number of Children Served

<u>Number of Children</u>	<u>Number of Systems</u>
Up to 50	10
51 to 100	7
101 to 150	2
151 to 200	1
over 200	2
	<u>22</u>

Group Size

At the system level, number of children per home ranged from 1.8 to 6.6, with a median of 3.5. Frequencies for group size are presented in Table 3.3. Most systems placed 2.1 to 4 children per provider; a few placed only 2 or fewer.

*Because there is considerable variation in size of programs, medians will be presented on size throughout the remainder of the chapter. Descriptive data on the 22 programs is presented in Appendix C: Program and Cost Characteristics.

Table 3.3
Number of Children Per Home^a

<u>Number of System Children Per Home</u>	<u>Number of Systems</u>
1.0 to 2.0	4
2.1 to 3.0	6
3.1 to 4.0	7
4.1 to 5.0	4
5.1 to 6.0	0 ^b
6.1 to 7.0	1
	<u>22</u>

^aFrequencies presented in Table 3.3 represent only system-enrolled children. This volume of study findings concentrates on the institutional properties of systems and so addresses here the enrollment as registered by the system and not the individual caregivers. The reader interested in caregiver enrollments, including privately arranged care, is referred to Volume II, the Research Report, where caregiver enrollments are extensively analyzed. See also the section on exclusive use arrangements below.

^bOne program placed an average of 6.6 children per provider. It included a large proportion of after-school drop-in care and included homes which are approved by the Department of Education in California to care for a maximum of 10 children.

Group size in sponsored care appears to be related to several factors. First, state constraints on licensing establish the upper limit on numbers of children allowed. When directors were questioned on the maximum number of children they would place with a provider, 13 of the 20 directors responded by citing federal guidelines which limit caregivers to 6 children*, when no infants are in the home. However, others maintained that stricter group size limits were needed. As indicated in Table 3.3, all

*FIDCR which were in effect at the time of the study.

but one system maintain group sizes below the federal limit, and almost half are considerably below the limit of six children.

In Philadelphia, directors were in general agreement that few caregivers could effectively handle five or six children, given their other responsibilities, such as food preparation and meetings. On average, directors felt that 4.5 children per home was a manageable number. However, these programs actually placed considerably fewer children per home, an average of 3.1.

In California, directors' policies with respect to group size were considerably more lenient than in Philadelphia; directors stated, on average, that 6.5 children per home was an acceptable number. Some directors there felt strongly that the limit of six children per home was too strict for some of their more experienced providers and, in fact, occasionally placed more than six children in a home. Across all systems, however, placements were limited to an average of 3.2 children per home, reflecting the variation in systems' philosophies.

Directors in Arkansas, Texas and Massachusetts felt that five or six children per home was manageable. Their actual average group size was four. In Arkansas, limits on the number of children per home are less strict for independent caregivers (eight) than for sponsored caregivers (six). This difference acts as a disincentive for independent caregivers to join systems and increases competition between the two groups of providers.

To the extent that a system maintains close contact with its caregivers, the system itself exercises judgment over the number of children that may be enrolled in

each home, based on the staff's impression of the capability of each provider--her caregiving skills and limitations. Services that the system provides to caregivers may also influence the number of children placed. For example, systems may train providers to improve caregiving skills, and based on this training staff may feel that more children can be placed with individual providers. In addition, when systems assign helpers to homes, they usually select homes that currently have the largest numbers of children. The presence of a helper subsequently tends to help maintain the large enrollments in these homes.*

The average group size of the affiliated homes tends to be related to other system characteristics. Table 3.4 presents the simple correlations between group size and four program variables. First, group size appears to be highly correlated with the number of training hours provided monthly to caregivers. This correlation suggests

Table 3.4
Relationship of Group Size to Other Program
Characteristics

	<u>Correlation</u> <u>Coefficient</u>	<u>Significance</u> <u>Level</u>
Training Hours Per Month	.80	.001
Ratio of Administrative Staff to Providers	.44	.044
Exclusive Use	.38	.072
Rate Paid to Providers	-.15	.283

*The reader should be aware that sponsored day care homes rarely have helpers. Reported group size does not reflect helpers assigned by the systems or relatives and friends of the caregiver who functions in this capacity.

that systems which place more children per home also deliver more training. This may reflect a view from the system's perspective that caring for more children requires more support in the form of training or, conversely, that the trained caregiver is willing or able to accept more children.

Group size is next most strongly related to the ratio of administrative staff to providers: larger group sizes tend to occur in those systems which have more staff available to providers. This makes intuitive sense, in that more staff may be required to manage more children and to provide support to providers.

Group size is also positively correlated with the exclusive use phenomenon whereby providers may care only for children placed by the system. On the whole, exclusive use systems tend to offer a larger package of services to children and providers and also tend to place more children per home than other systems.

Finally, the table indicates that the number of children per provider is not related to the rates paid to providers. It is clear that monetary incentives, in the form of higher base rates, are not offered to providers to take care of more children. Within a system, one provider may earn more than another by taking more children, but differences are not established on a per-child basis.

Staff Characteristics

Agencies operate their programs with considerable stylistic variation. Their organizational structures in terms of staff schedules (i.e., full- or part-time status),

the number of staff and the ratio of administrative staff to providers, varies widely. The director's experience and education and the allocation of tasks to personnel also differ by program. It is important to recognize these stylistic characteristics; later analysis will indicate whether these characteristics are related to service delivery, costs per child, quantity and quality of provider training, group size, and other program variables.

The number of full-time-equivalent (FTE) administrative staff* employed by systems ranged from 2 to 24, with a median of 5. The number of staff persons scheduled to work 30 or more hours per week ranged between 1 and 25, with a median of 4. The number of part-time (i.e., less than 30 hours) administrative personnel ranged from zero to 13, with a median of 3.

The number of administrative staff is understandably related to program size. As the enrollment of children and number of providers increase, so does the number of FTE staff ($R=+.83$ and $+.84$, respectively). However, the ratio of administrative staff to providers and children varies considerably across programs, from as few as one FTE administrative staff member for every 10 providers to as many as one FTE staff for every two providers. The median ratio of FTE staff to providers is approximately four. Across programs the ratio of staff to providers is related to group size. As the number of children per home decreases, so does the number of administrative staff to providers. In other words, systems which place more children per provider also maintain more administrative staff per provider.

*For purposes of this report, the term "administrative staff" includes clerical and support personnel but excludes providers and their helpers.

Directors' years of paid experience in a child care field ranged from 2 years to 30 years, with a median of 11 years. Their years of formal education ranged from two years of college (one director) to the equivalent of a master's degree (nine directors). The median salary approximated \$13,700; salaries ranged from \$5,428* to \$26,400.

A review of director and program characteristics suggests three hypotheses. First, director salary correlates positively with staff schedule variables--full-time-equivalent staff and full-time staff ($R = +.68$ and $R = +.69$, respectively).** This statistic implies that directors earn higher salaries as the size of the program that they direct (e.g., the number of administrative staff) increases. As in other professions, increments in salary are paid for higher levels of responsibility.

The second significant relationship with director characteristics is between director education and contributions to the system from all sources (i.e., in-kind contributions plus cash contributions), with a correlation of $R = +.52$. Directors with more years of formal education appear to be able to generate more contributions from all sources for their systems. Finally, director experience is also related to the amount of family services provided by the system, and these in turn are largely supported through donations. This relationship is examined further below.

The Program Index

Federal regulations stipulate that caregivers must regularly participate in child care training programs

*The lowest salary represents a part-time directorship.

**R has been used in this chapter to denote simple correlations.

if they have not already received nationally recognized credentials for such training. The regulations establish that a planned program of developmentally appropriate activities should be provided for caregivers. State licensing requirements which establish minimum standards for family day care homes must also be enforced. The goal of these requirements is to reduce the risk to children of unsafe environments, negligence and abuse while increasing the likelihood of providing a positive growing experience for children.

To determine what systems are presently offering, several aspects of provider training, evaluation and selection criteria were studied in the interview data, and a scaling methodology was developed. Variables for the scale were selected which are believed to contribute to the quality of caregiving skills and the caregiving environment. It is further hypothesized that programs measuring higher on the scale promote caregiving skills and a caregiving environment which encourages children's growth and in which neglect and abuse are less likely to occur--two fundamental goals of the federal regulations.

Important differences were observed across systems with respect to training and evaluation of providers, coupled with a systems' provider selection criteria and methods. In our attempt to measure these variables a scaling methodology was developed. The scale rates the program in its ability to select and train providers in caregiving, to evaluate them and to offer them feedback for improved performance. Eight characteristics were selected on the assumption that each contributes to the quality of the caregiving skills and thus of the caregiving

environment. The eight variables represent the Program Index.^{*} Table 3.5 displays the index.

Table 3.5

Program Index

<u>Discrete Variables</u> <u>0 (low) to 3 (high)</u>	<u>Average Across</u> <u>16 Programs</u>
Screening providers	2.25
System standards for homes	2.13
Evaluation of providers	2.06
Ongoing training	2.00
Standards for provider personality	1.88
Preservice training	1.06

<u>Binary Variables</u> <u>0 (no) or 1 (yes)</u>	<u>Total Number</u> <u>Out of 16</u>
Feedback to providers after evaluations and before terminations	12
Helpers placed in homes to aid providers	9

For each of the first six variables in the index, a four-value scale of 0 to 3 is used to represent the level of the service provided by the system. For example, if, for a given system, preservice training appears to be emphasized and considerable effort expended

^{*}Because one interviewer collected data from all 16 programs, the attempt to scale training programs and services is, at a minimum, consistently rated across programs.

on it, the variable is rated at 3. Programs not offering, any preservice training receive 0 and those with minimum preservice--for example, a few hours of one-time orientation --receive a rating of 1. The remaining variables have been assessed in like manner. Table 3.5 depicts the averages of the measures across all programs for each variable rated. The two remaining variables in the Program Index have been measured in binary terms--the program either offers the service or it does not.

Programs place differing weights on these several activities. One program may emphasize screening providers and checking on standards for homes while another program may do little screening, but, instead, may manage an extensive training program and offer feedback to providers on their development as caregivers.

As Table 3.5 indicates, screening providers and standards for homes are the most generally available services. Preservice training occurs least frequently. Administrative personnel in 12 out of 16 programs extended feedback to providers on unacceptable caregiving skills or style. Nine programs assist providers by locating and placing helpers.

The maximum possible value for the Program Index for any system is 20. The mean rate across all programs was 12.1; the lowest score was 2 and the highest was 19. The range in measures allows us to study differences between high- and low-rated programs. Programs which measured highest on the Program Index consistently performed intensive provider screening and training. Of the eight highest-rated programs, with ratings from 15 to 19, six offered preservice training programs. In the remaining eight programs, rated between 2 and 11, none offered preservice training to any extent. Of the lower-rated programs, only one offered

considerable training. All eight of the higher-rated programs coordinated fairly extensive arrangements for training.

The Program Index is significantly correlated with certain cost variables. The Program Index correlates positively at the .05 level of significance with cash costs of care ($R = +.55$) and with resource costs ($R = +.51$). The correlations between the index and costs are reasonable because additional effort must be expended in programs which screen, train and evaluate more intensively than others. The index also correlates with the number of monthly training hours offered by programs ($R = +.53$), giving it additional face validity.

The Program Index was developed to allow comparisons of policy variables across programs. These measures confirm earlier descriptive data on the diversity of programs in the study. The measures are related to unit costs of care and indicate that increased emphasis on selection, training and evaluation of providers is more costly--an intuitively reasonable finding.

The Family Services Scale

Federal regulations also stipulate that state agencies must provide information on the availability of child health and social services; maintain health standards for family day care providers, provide technical assistance to homes in working with parents and offer parents their choice of day care whenever feasible.

The regulations also mandate the coordination of health and social services to HHS-funded children; in short,

children who receive federally subsidized child care should have direct assistance in receiving health and social services as well. Whereas unaffiliated homes have no means to provide such assistance, family day care systems are often able to provide such services directly or through coordination with another agency. For example, they can add staff specifically to determine child health and social needs and can extend their management of homes to include the coordination of these services to subsidized clients.

The potential cost impact of mandating the delivery of social services (including health services) to families and children has been traditionally difficult to assess. Although the additional effort to systems to deliver these services usually involves additional costs, some services, such as referral work or arranging for occasional substitutes, may not necessitate increased costs or staff. In instances where services require additional resources, programs may not be willing or able to hire additional staff at current funding levels. Although volunteers may be the key to providing additional services, the impact of services on costs needs to be measured.

To do this, a Family Services Scale was devised measuring a variety of services. Six discrete variables and ten binary variables were chosen. Table 3.6 lists the variables and their averages across the 16 programs. As Table 3.6 indicates, referrals, medical services screening, assistance with home placement and intra-agency sharing of non-day care services are most commonly offered. Parent advisory committees, temporary placement and transportation services remain as low priorities for most programs. The

Table 3.6

Family Services Scale

<u>Discrete Variables</u> 0 (low) to 3 (high)	<u>Average</u>
Referrals	2.06
Home placement	1.81
Medical services screening	1.81
Sharing of non-day care services (i.e., counseling center, language courses, employment services, etc.)	1.75
Parent involvement	1.38
Sharing of other day care services (i.e., center operation)	1.06
<u>Binary Variables</u> 0 (no) or 1 (yes)	<u>Number of Systems</u>
Miscellaneous services	16
Handle problems with placement	15
Arrange for parent/provider meetings	15
Determine income eligibility	14
Menu and meal preparation	12
Parent advisory committee	8
Outings for children, field trips	7
Overnight and/or alternative care	6
Temporary placement services	4
Transportation program	1

maximum value of the scale for a system is 30. The scores range from 9 to 29 with an average of 16.6, indicating that systems varied substantially in the services offered to families.

Programs which rank highest on the services scale appear to place more emphasis on referral services, parent involvement, and concern over placement of children. The

offer more miscellaneous services such as assistance with menu preparation and recordkeeping. Programs scoring lowest are considerably less concerned with parent involvement and seldom offer miscellaneous services such as assistance with menu preparation and recordkeeping. These programs also intervened less in parent/provider arrangements.

The Family Services Scale attempts to measure the total amount of service offered by each program and is a useful means of comparing the magnitude of services delivery from program to program. It is further examined below as part of the analysis of system costs.

3.2 Descriptive Cost Characteristics

As in any business, there are two sides of the budgetary equation of family day care systems: sources of income and components of cost or expenditures. Sources of income include government reimbursements for subsidized child care, committed cash contributions from private sources such as United Way, and fees paid by parents for child care. Cost components include administrative personnel costs, payments made to providers and the imputed value of in-kind contributions or donations (e.g., volunteer labor). This section presents income and expenses for the systems in the study sample, discusses contributions, and concludes with a comparison of costs per child hour and hourly reimbursement rates.

Annual Income by Source

Family day care systems receive revenues from a variety of sources: federal and state government's day

care subsidies, the Department of Agriculture's Child Care Food Program, payments from parents, local matching funds and interagency donations of labor and supplies. These were the major sources of funding for all but one of the programs included in this study. This system was sponsored through its affiliated university.* It received funding for administrative costs from the university's discretionary fund, and parents paid providers directly for child care services.

The 15 sponsoring agencies included in our cost analyses received 69 percent of their income from federal (Title XX) and state funding sources**; 3 percent on average from the USDA Child Care Food Program (7% in six systems participating in the program, nothing in nine nonparticipating programs); 5 percent from parent fees; 13 percent from in-kind contributions; and 10 percent from all other sources, such as local community block grants and committed cash contributions (see Figure 3.1).

As the table indicates, Los Angeles systems received a larger proportion of government reimbursement monies than systems in the other sites. They reported little money received from the Child Care Food Program (CCFP); since these were relatively young systems, most of their CCFP applications were in process during the study.

*Although 22 systems were visited, only 18 participated in the cost interview. Of these 18 systems, cost data from 2 were removed from the analysis because the systems administered so much center and after-school care that they were very different from the remaining sample. The university-sponsored system was also excluded from analyses of income because its funding is different from the remaining programs, leaving 15 systems for cost analyses.

**In California, the State Department of Education provides child care subsidies for family day care under Chapter 344, Statutes of 1976, Assembly Bill 3059.

Figure 3.1

Breakdown of System Income by Source and Site

N=6	N=4	N=1	N=2	N=2	N=15
Parent Fees 2% USDA 2% ^a	Parent Fees 1% USDA 8%	USDA 7%	Parent Fees 3% USDA 9%	Parent Fees 28%	Parent Fees 5% USDA 3%
Government Reimbursement 81%	Government Reimbursement 64%	Government Reimbursement 73%	Government Reimbursement 67%	Government Reimbursement 54%	Government Reimbursement 69%
Contributions and other Inc. 15%	Contributions and other Inc. 27%	Contributions and other Inc. 20%	Contributions and other Inc. 21%	Contributions and other Inc. 18%	Contributions and other Inc. 23%
Los Angeles	Philadelphia	Arkansas	Texas	Boston	Total Participating Systems

^aPercentage of system's income derived from given source.

- Revenues of only one program in Los Angeles reflected CCFP food money receipts. Similarly, the two Boston systems did not receive CCFP money: one did not participate; the other was anticipating funding. In Boston, however, parent fees comprised a larger portion of annual income (28%) than in the other sites. The older of the two Boston programs served a large percentage of middle-income families who paid fees on a sliding scale. As a result, a large portion of the cost of care was paid by parents, and only 54 percent of their income was received from federal sources.

Annual Expenses by Category

Annual total resource costs, including the imputed dollar value of in-kind contributions from all sources, ranged from \$80,832 for one program in Philadelphia to \$913,647 for one system in Texas, with a median of \$180,457 across all sites. Labor costs represent the greatest expense of family day care systems: 88 percent of annual program costs consists of administrative personnel expenses and provider payments, and only 12 percent is nonlabor expenses. Thus family day care, like center care, is a highly labor-intensive industry.

Administrative costs and rates paid to providers have a significant impact on total costs, and as a system spends more in one category it tends to be at the expense of the other. The percentage breakdown of expenses across all sites is presented below in Table 3.7. Table 3.7 also displays the range in percentage breakdown of categories across the 16 programs. Note that labor costs represent between 75 and 95 percent of total annual program costs for the systems studied, with an average of 88 percent.

When the expense categories are collapsed into three groups--administrative personnel costs (i.e., administrative salaries and associated fringe benefits), provider payments and nonlabor expenses--their relationship to one another becomes clearer. As administrative personnel costs become a larger proportion of total costs, the portion paid to providers decreases. And, as the percentage of administrative personnel expense increases, associated fringe benefits also increase.

Table 3.7
Percentage Breakdown of Expenses by Category
 (N=16)

	<u>Average</u>	<u>Range</u>	
Administrative Personnel	33%	21 - 47%	
Fringe Benefits	5%	3 - 6%	
Provider Payments	50%	37 - 70%	
Total Labor Costs	88%		75 - 95%
Supplies	6%	under 14%	
Occupancy	2%	under 8%	
Operating Costs	4%	under 15%	
Furniture, Equipment and Vehicles	1%	under 3%	
Total Non-labor Costs	12%		5 - 25%
Total	100%		

Nine systems operated with a cash surplus or gain, ranging from 1 percent to 19 percent. Six of the 16 systems reporting costs, or 38 percent of all systems operated with a cash loss. These losses ranged from 16 percent to 1 percent of cash costs. The largest loss was incurred by

a system in Los Angeles in the amount of \$721 annually per child enrolled. In addition to losses, systems experience delays in receiving government reimbursement for services and thus experience cash flow problems. When sizable losses are experienced or when reimbursements are delayed, the systems rely heavily on their umbrella organizations for financial support to keep programs intact.

Cash and Noncash Contributions

Programs generate cash and/or in-kind contributions totaling approximately 23 percent of annual income.

As shown in Table 3.8, in-kind contributions are supplemented by cash contributions from sources such as United Way, Catholic Social Services, community block grants, fund-raising efforts and matching funds from city and state agencies.

Table 3.8

Contributions as a Percentage of Annual Income

	Los Angeles	Phila- delphia	Arkansas	Texas	Boston	All Sites
Cash Contributions	2%	21%	0	14%	12%	10%
In-kind Contributions	<u>13%</u>	<u>6%</u>	<u>20%</u>	<u>7%</u>	<u>6%</u>	<u>13%</u>
Subtotal	15%	27%	20%	21%	18%	23%
Remaining Income Sources (See Table 3.5)	85%	73%	80%	79%	82%	77%

Total in-kind contributions ranged from zero to \$96,527 per year, with a median of \$10,900. The mean value of in-kind contributions was 13 percent of total income. Considerable differences are shown between sites in the generation of in-kind contributions, as Table 3.9 shows. An examination of these contributions shows that as much as 85 percent of the value (or \$9,683 annually) may be intra-agency sharing of staff, supplies and space (Table 3.10). The remainder of the in-kind contributions are generated from sources outside the umbrella agency.

Table 3.9

Percentage of Income Derived from In-kind Contributions

	Los Angeles	Phila-delphia	Arkansas	Texas	Boston	All Sites
In kind Contributions	13%	6%	20%	7%	6%	13%

Table 3.10

Percentage Breakdowns of the Mean Annual In-kind Contributions by Site

	Los Angeles	Phila-delphia	Arkansas	Texas	Boston	All Sites
Outside Donation	29%	19%	0	0	9%	15%
Intra Agency Donation	<u>71%</u>	<u>81%</u>	<u>100%</u>	<u>100%</u>	<u>91%</u>	<u>85%</u>
	100%	100%	100%	100%	100%	100%

Hourly Cash and Resource Costs per Child

To compute the hourly cost of child care, annual cash costs were divided by annual child-hours. Costs per

hour ranged from \$.72 to \$1.56 with a median of \$1.18. Figure 3.2 is a histogram of cash costs per child-hour (excluding in-kind contributions). When in-kind contributions are added to cash costs, the resulting resource costs per child ranged from \$.79 in Philadelphia to \$2.46 in Los Angeles, with a median of \$1.21. A histogram of resource costs is presented in Figure 3.3.

Figure 3.2
Cash Costs per Child-Hour
(excluding in-kind contributions)
N=16

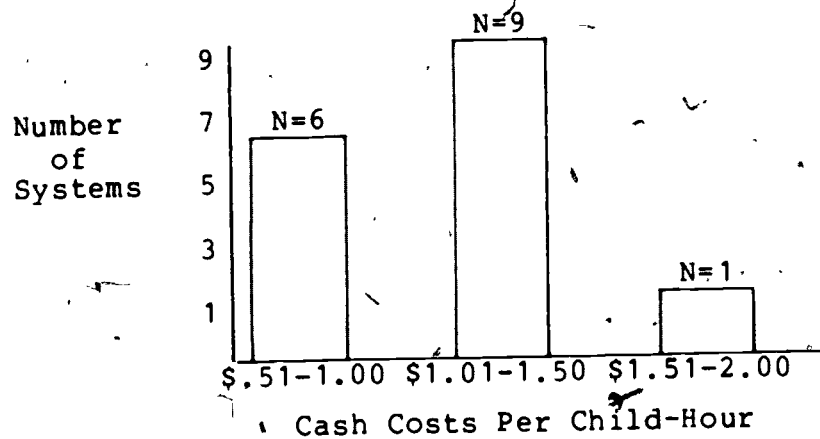
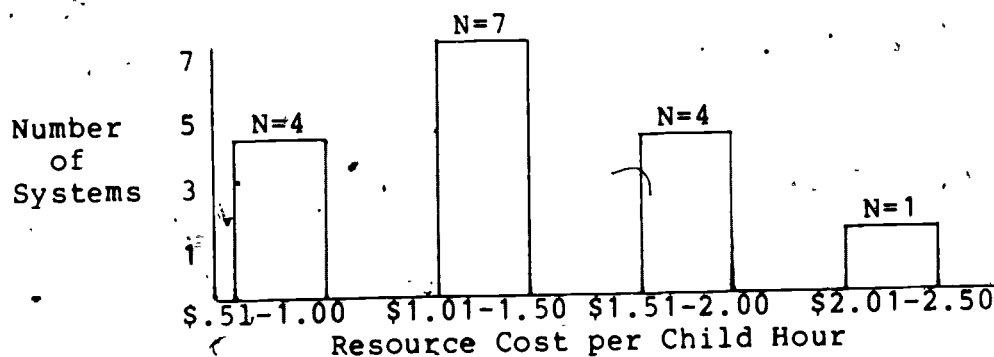


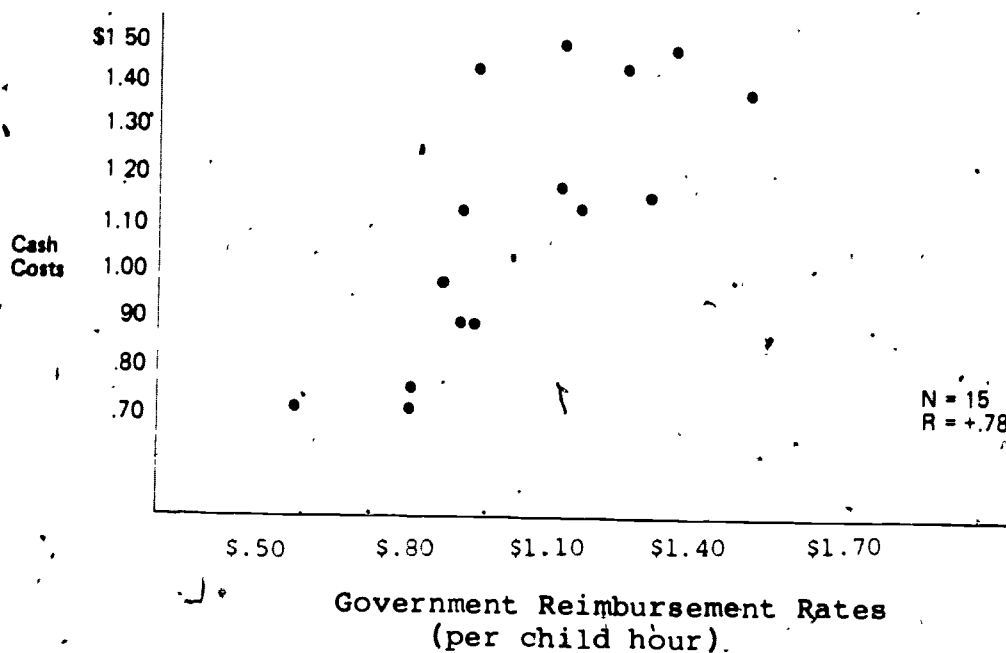
Figure 3.3
Resource Costs per Child-Hour



As Figure 3.3 indicates, when in-kind contributions are added, the cost of care in five systems reaches over \$1.51 per child-hour. The contributions, which increased the unit costs of each system, range from zero to \$1.02 per child-hour. Although contributed resources add considerably to the value of care within specific programs, overall the median cost of care excluding such contributions would only drop from \$1.21 to \$1.18 per child per hour.

One of the strongest predictors of costs is government reimbursement rates. Correlation analyses reveal a linear relationship between cash costs and government reimbursement rates, as shown in Figure 3.4.

Figure 3.4
Cash Costs to Reimbursement Rates
 (N = 15)

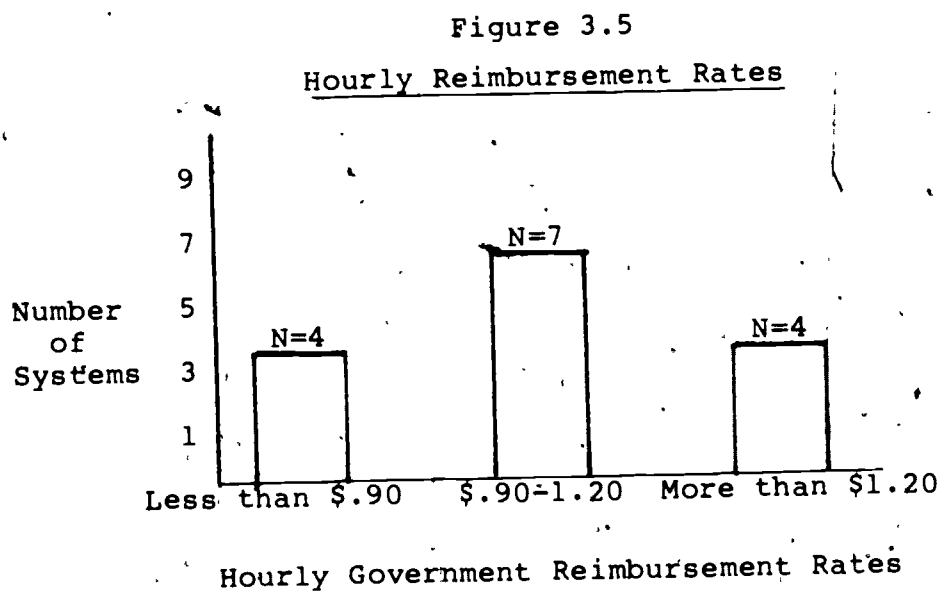


The high correlation indicates that cash costs are closely tied to government reimbursement rates. A closer look at reimbursement rates will tell us more about the cost of care.

Government Reimbursement Rates

Government reimbursement rates ranged from \$0.59 to \$1.53 per child per hour, with a median of \$0.95.*

Figure 3.5 presents hourly reimbursement rates.**



*In Philadelphia hourly rates were computed from annual reimbursement rates. In the remaining sites, daily or weekly reimbursement rates were converted to an hourly basis.

**According to interviews with directors, providers work an average of 10 hours per day. Reported daily rates were divided by 10 hours to produce an equivalent hourly rate.

Most systems receive between \$0.90 and \$1.20 daily per child. As discussed earlier, reimbursement rates correlate highly with cash costs per child ($R = +.78$). When in-kind contributions are added to cash costs, the correlation drops to $+.58$. This is because in-kind contributions are not related to government reimbursement rates. The correlation between in-kind contributions per provider and reimbursement rates is not significantly different from zero ($R = -.003$).

The method of establishing reimbursement rates between systems and funding agencies is unclear. Although directors interviewed stated that rates were determined by a number of factors such as prior year's rates, projected annual budgets, cost-of-living increases (i.e., inflation), local price indices, planned service delivery, expansion and the agency's reputation as a child care delivery system, no programs were quantitatively evaluated by their funding sources to determine per-child rates.

Several factors in a program's operations need to be considered before a fair market rate can be established. Through the use of functional cost analyses, unit costs of systems can be examined by core and supplemental services. In section 3.3, unit cost breakdown is presented on core functions such as direct caregiving, food and administration, and supplemental functions such as provider training, social services, transportation and intake. Such functional cost breakdowns and their interrelations can be useful in determining how system directors allocate resources and, ultimately, in raising implications for the policymaker.

Payment to Providers

Payment methods to providers for child care are diverse. Systems pay providers hourly, daily, weekly or bimonthly rates per child, frequently in accordance with local funding policies. Only one program of the 22 visited paid wages to providers, offering them full employee status.

Directors spoke of establishing provider rates from rates used in other child care systems and from rates charged by independent caregivers. Provider rates were influenced as well by proposed budgets drawn up to negotiate government reimbursement rates. This last source of rate determination is supported by correlation analyses, which show that provider payment rates are strongly linked to government reimbursement rates.

Systems which are reimbursed at higher rates from government sources pay providers higher rates for caregiving. (However, it is not known whether government rates determine provider rates or vice versa.) The median government rate is \$.95 per child per day, and provider rates are approximately \$1.11 per child per day (exclusive of the wage-paying program). Understandably, the cost difference is reflected in administrative and operating costs, such as other labor, supplies and overhead.

To obtain estimated daily earnings per provider, average provider rates per system were adjusted for the average number of children per home in each system. Based on this calculation, caregivers earn an average of \$20.14 per day for child care, with a range from \$9.69 to \$37.18. This range reflects the combined variability across systems in base rates and in group size policies. Few caregivers earn more than \$23 daily and few earn less than \$10 daily.

A second way to view provider earnings is the total income earned annually by providers. Using the systems' total expenses for provider wages, annual earnings calculated for sponsored providers averaged \$4573 for child care. Earnings ranged from \$1640 to \$7817. The distribution of annual provider earnings from systems* is presented below in Table 3.11.

Table 3.11
Annual Provider Earnings

<u>Earnings</u>	<u>Percentage of Systems</u>
Less than \$4,800	31%
\$4800-\$5900	44%
\$5900-\$7900	25%

A study of family day care systems in California in 1978, found similar results with respect to earnings.¹ The average provider earnings across 25 systems in the study were \$23 per day, or \$5,800 per year. In general, system providers tend to earn more than their independent counterparts and more than providers of unlicensed care. Nevertheless, the vast majority of system providers earn wages considerably below the poverty line for 1977 (\$6000). Indeed only the 25 percent of providers with earnings above \$5900 have incomes above the poverty line, and almost one-third do not earn minimum wages. None make the Department of Labor Low Income Budget (\$10,000 in FY 1977).

*Note that in nonexclusive use systems caregivers may supplement their system earnings by making private arrangements with parents to care for additional children. Such earnings are reported on in Chapter 9 of Volume II of the final report of the National Day Care Home Study.

When the dollar value of provider fringe benefits* is imputed, caregivers realize annually an additional \$253 per caregiver in noncash compensation. Total compensation to providers, including the value of supplies and labor assistance, averaged \$4826. (Other benefits, such as training programs, loaned equipment and the monetary benefits of social and general support for providers, have not been included in the above computation.)

As indicated above, what a provider earns is a function of the rate systems pay to providers for child care and the number of children in her care. An important issue for providers is the degree of flexibility she has with respect to what she can earn and especially over the number of children for whom she cares. The issue is illustrated in Table 3.12 by two systems which each provide caregivers the opportunity to earn about the same annual wages: \$5297 and \$5325.

Table 3.12

Earnings as a Function of Group Size
and Daily Rate

	<u>Annual Earnings</u>	<u>Group Size</u>	<u>Daily Rate</u>
System A	\$5297	2.43	\$11.22
System B	5325	4.25	\$ 5.00

System B is an exclusive-use system providing an average of 4.25 children for each caregiver whereas System A is

* Such fringe benefits include accident insurance, household and educational supplies, and the value of caregiving assistance from substitutes, assigned helpers, volunteers and educational specialists.

nonexclusive use and provides an average of only 2.43 children per caregiver. The caregiver in the System B realizes her income by caring for an average of 4.25 children over the course of the year at a rate of \$5.00 per day per child. The caregiver in System A can earn the same annual amount because although she cares for only an average of 2.43 children, she is paid at a rate of \$11.22 per day, more than twice the rate paid by the other system.

Further, since the provider in System A is not under an exclusive use arrangement, she may seek out additional private clients. Thus she can choose the number of children in her care and has flexibility with respect to her total annual earnings. The provider in System B by belonging to an exclusive-use system has given up control of group size and earnings to her system. In exchange, the exclusive use systems are providing substantial service packages to caregivers that may offset limited earnings.

Ultimately, the issue of wages must be addressed in terms of the differential in rates across systems and, most importantly, in terms of provider or direct care costs as a function of administrative overhead costs. The systems with high administrative costs illustrate that if overhead costs could be reduced to the average level for all systems then provider rates could be increased or more children could be served for the same total costs (see Section 3.5).

Some programs offer providers incentives to reduce provider turnover. The wage-paying program pays higher wages to providers with seniority. (Five of their 50 providers receive an average of \$450 more per year per child.) One

Boston program offers a 7 percent increase in rates over cost-of-living increases for each year of affiliation with the program. Some programs pay slightly higher rates for care of younger children. A few programs offer additional incentives for seniority through paid days off. Only two programs offer one or two additional vacation or sick days for each additional year of affiliation. On average, providers receive 10 paid days off per year for contingencies such as vacation, sickness and holidays. Many programs offer days off without pay.

Of programs which increased provider rates during Fiscal Year 1978-79, the average increase approached 10 percent. Of the two programs which did not increase rates during the 1978 fiscal year, 10 percent increases were established two years earlier, in 1976.

Programs differ in their ability to pay providers for child care. Programs offering rate increments and fringe benefits were the exception to the rule. In general, sponsored providers in the study earned little more (or less) than independent licensed providers, but they did receive other services. The value to providers of continued child enrollment, provider training and evaluation, group participation and continued support are difficult to quantify from the caregiver's perspective. Yet, provider benefits derived from system staff who emphasize professionalism and growth appear to be worthwhile for many caregivers who on their part are willing to take on the responsibilities, paperwork, and ongoing contacts resulting from sponsorship.

3.3 Functional Cost Allocations

In the preceding section, the key role of government reimbursement rates as a determinant of total cash

costs was illustrated. Simply stated, the difference in total costs across programs is largely attributable to the differences in reimbursement rates. The more a program receives in the first place, the more expenses it will incur and these are partly reflected in higher rates paid to providers. Thus, the relationship between rates and costs must be viewed as the context in which systems behave and as the context in which policy-relevant questions can be addressed. For example, how are fixed resources allocated to functions common across family day care systems? What trade-offs are made among the key functional cost components: administrative costs, provider rates, and supplemental services? In further examining systems costs, it is important to answer the following questions.

- What is the relationship between core and supplemental costs?
- What role do in-kind resources play in core and supplemental services?
- Within core costs (which represent the larger expenditures) how are costs allocated between administrative tasks and provider payments?
- What impact do allocation decisions have on services delivered?
- What impact do allocations decisions have on wages providers earn?

Although cash costs and total resource costs are useful in comparing overall cost differences between programs, such comparisons do not illustrate how the cash and resource costs are actually being used. Costs and line-item expenses reported earlier indicate what proportion of funds are used for personnel and nonpersonnel categories; they do not tell us what functions are performed with the available resources or how funds are allocated across functions. A functional cost analysis was therefore performed. This analytic technique

permits the calculation of cost estimates for seven functions common to the family day care systems studied. Three of these are core functions--tasks essential to operating any system. The remaining four represent ancillary services, some mandated by federal regulations. The core functions are:

- administration and overhead;
- direct caregiving; and
- food program.

The supplemental functions are:

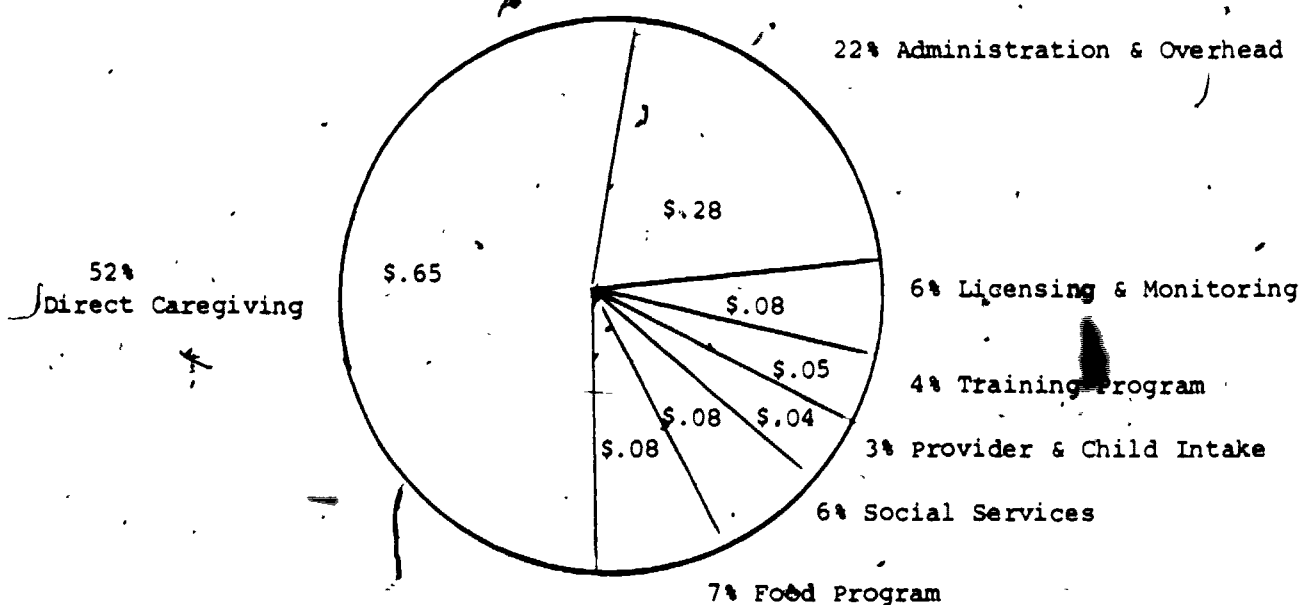
- provider and child intake;
- licensing and monitoring;
- training program; and
- social/health services.

Because family day care is a labor-intensive industry, time use forms were administered to program staff to estimate total hours spent on each function. Salaries and associated fringe benefits were computed and then prorated across the categories. Expenses such as provider training supplies, educational supplies and office supplies were allocated to the appropriate categories (provider training, direct caregiving and administration, respectively). Overhead expenses such as occupancy costs or building depreciation were placed under administration. The category of direct caregiving consists of line item estimates of payments to providers for child care together with food costs. To reflect the true costs of care, in-kind contributions of labor, supplies, equipment and space were similarly prorated across appropriate functional categories. Per-child costs by function were computed by dividing annual child hours into program costs of each function.

The mean hourly resource cost per child was approximately \$1.25. Figure 3.6 presents hourly costs by function and by percentage breakdown. As Figure 3.6 shows, \$.65 or 52 percent of the mean \$1.25 resource cost, is spent on direct caregiving. Another \$.28 or 22 percent is applied to administrative and overhead costs. Food program costs represent \$.08; \$.08 is spent for licensing and monitoring tasks; \$.05 for training programs; \$.04 for provider and child intake; and \$.08 for social services offered and transportation programs.

Figure 3.6

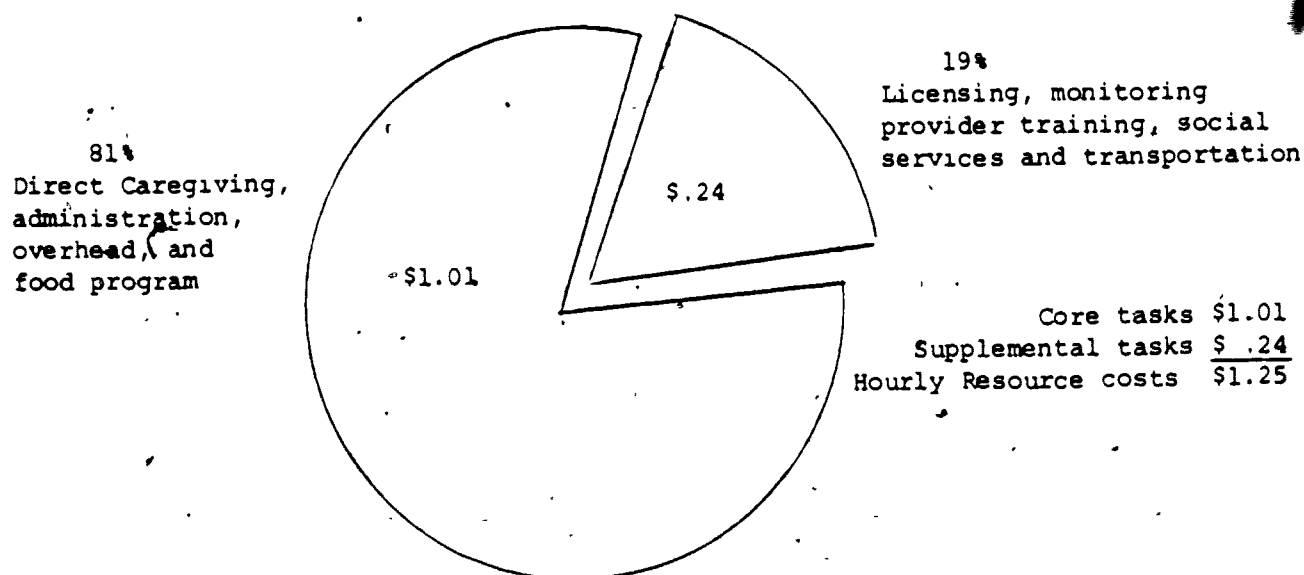
Functional Breakdown by Hourly Resource Cost



The functional analysis can also be used to estimate the cost differences of performing essential (core) tasks from nonessential (supplemental) tasks. When categories are collapsed into core and supplemental functions, the following comparison is produced (Figure 3.7).

Figure 3.7

Core Versus Supplemental Resource Costs



The isolation of core costs provides a measure of costs to operate a "no frills" package of sponsored family day care. The measurement of supplemental tasks allows us to study the cost implications of additional services such as provider training, transportation, social services, or regulatory functions such as home approval and monitoring. For example, training costs of providers in programs with a relatively large number of training hours per month can be

compared to costs in programs offering less training. Of programs offering at least five hours per month, the average training cost per provider was approximately \$572 per year.* Of programs offering less than five hours per month, the annual training cost per provider was approximately \$210 per year.

3.4 Supplemental Services and In-Kind Contributions

Two important findings emerge with respect to supplemental services. First, supplemental service costs are relatively small compared with the essential core program costs. As indicated in the figure above, supplemental service costs represent, on average, 19 percent of total resource costs. Therefore, core services clearly emerge as the most critical cost component to consider in understanding differences in cost allocation across programs (see the following Section 3.5). At the same time, supplemental services are neither insignificant from a cost perspective nor unimportant from the federal regulatory perspective.

Supplemental services are largely provided through the use of in-kind services and goods. The Family Service Scale is strongly correlated with donations and total resource costs ($R = +.74$), with donations as a percentage of total costs ($R = +.53$) and with donations per child hour ($R = +.67$). The Scale is not related to cash costs or to reimbursement rates, however. Clearly these supplemental services are strongly dependent upon in-kind contributions.

The availability of donated services, supplies and space, appears to create a context wherein additional family

*Costs are overstated by the number of providers who receive training and terminate within the year.

services may be extended to clients. Intra-agency sharing of staff specialists such as nutritionists, psychologists and social workers directly aids in this service delivery. Administrative assistance from umbrella agencies may also relieve directors from financial reporting requirements or other tasks and thus free them to perform supplemental services.

Staff familiarity with the community and the needs of day care clients may also facilitate delivery of services to families through the generation of in-kind resources. This hypothesis emerges from a series of relationships established through correlation analyses. First, the system director's experience is positively correlated with noncash contributions ($R = +.53$) and her experience is also correlated with the Family Services Scale ($R = +.60$). As already indicated, the scale is highly correlated with a number of in-kind contribution variables. Thus, the experienced director may increase family services through her ability to capture in-kind resources. In addition, in-kind labor resources relieve core staff from some of their care responsibilities and allow them to increase their efforts in the delivery of supplementary services. Finally, some contributions of labor come in the form of direct services to families, such as those donated by medical clinics.

The relationship between supplemental services and in-kind contributions has an important implication for future federal funding for all child care programs which are dependent upon in-kind contributions to meet critical and mandated needs. Federal regulations require that day care homes maintain information regarding special health precautions for children such as diet, medication, and immunizations. Similarly, homes must provide information to parents concerning social services available in the community; systems must ensure that homes meet these regulations or must assume the responsibilities in their turn.

Currently, noncash resources represent significant and critical resources in meeting federal standards for supplemental services. Thus, in one respect, leverage of such resources represents a cost savings to the government. However, donated resources are not necessarily predictable and stable, nor can they be projected to remain as uniformly and universally available at current levels in the future. Rather, programs tend to compete locally for such limited free or third-party-paid resources and the nature of the competition for these resources changes with changing federal and local priorities.

When considering cash costs and total resource costs, the policymaker should not necessarily favor the expansion of a lower-cost program that receives high levels of donations or meets regulations for services through donations, if maintenance at such levels of donations cannot be assured. Similarly, in the rate-setting process, proposed provision of mandated services and proposed levels of government funding should take into account projected total resource costs and the availability of such resources over the contract period.

3.5 Direct Child Care Costs Versus Administrative Costs

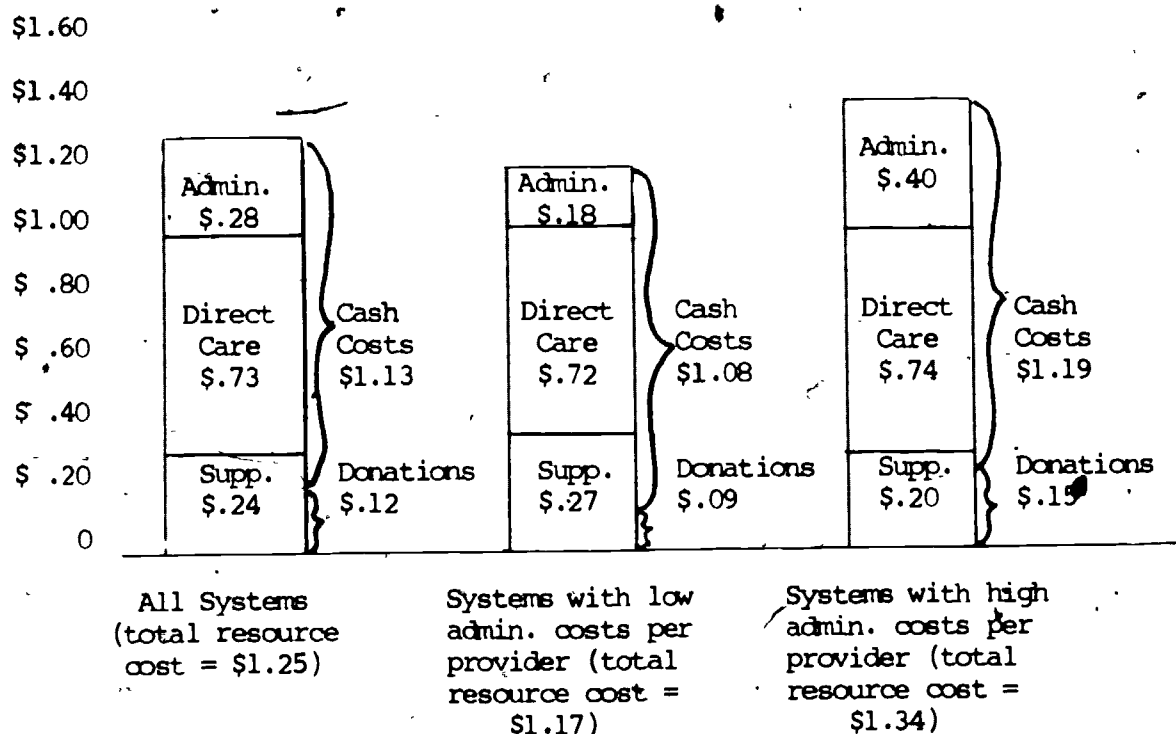
Although it is important to understand the comparative costs and resources used to deliver system care, it is equally important to compare what proportion of those resources are delivered directly for child care (in the form of provider payments) and what proportion supports general administrative costs--that is, noncaregiving staff salaries, space, and materials required to manage the program. This is one measure of the relative efficiency of each system in actually providing core services.

Figure 3.9 displays resource costs per child hour for direct care, for supplemental services and for administration.

The first bar in the figure represents the average cost by function across all systems. To generate the remaining two bars, the system sample was divided into two groups: those with low administrative costs per provider and those with high administrative costs per provider. These two bars represent the average functional costs within each of the two subgroups.

Figure 3.8

Average Functional Costs
(Administration, Direct Care and Supplemental Services)



The average resource cost per child hour across all systems is \$1.25 and of this \$0.73 or 58 percent is allocated for direct care costs, while \$0.24 is allocated for supplemental services. Administrative overhead costs at \$0.28 requires 22 percent of total resources. As indicated, only \$0.12 of the total resource costs of \$1.25 is generated from in-kind resources. These resources are devoted to supplementary services and cover roughly half the supplemental service costs.

A comparison between those systems with low administrative dollars per provider and those which spend high administrative dollars on a per-provider basis raises several important and policy relevant questions regarding systems overhead structures. In comparing the two graphs to the right, it is clear that there is little difference between the two groups in terms of dollars allocated per child for direct care and for supplemental services. Given the difference in total resource costs (\$1.34 versus \$1.17), programs with lower administrative costs are delivering roughly the same child care and services. The difference between the two groups is largely attributable to the substantially larger administrative costs per child incurred in the high-cost group. On the average, systems with higher administrative dollars per provider are spending twice as much to administer systems than those in the lower category. This finding suggests that higher reimbursement rates and higher costs are associated with higher staff costs and more administrative staff, but with no appreciable increase in services or the child care hours provided.

From the policymaker's perspective, the objective in setting rates and in funding systems is to serve the largest number of children possible at the least cost within established parameters for the quality of care and services. Under this assumption, the system with high administrative costs is delivering a smaller proportion of direct child care than the system with a cost of \$1.17 per child-hour. On the one hand, it is important to ensure that administrative costs are warranted and are reasonably associated with the services delivered. At the same time, it is equally important to ensure that adequate administrative funds are available to maintain the desired level of child care and services, such that service delivery is not achieved either at the expense of staff wages or at the expense of rates paid to providers.

Referring again to Figure 3.9, another useful comparison can be made between the two subsamples. Programs with high administrative costs have a cash cost of \$1.19 which is only marginally more than their critical core costs of \$1.14. Supplemental services must therefore be provided entirely through in-kind resources. Programs with lower administrative costs are less dependent on in-kind resources for these supplementary services, as their cash costs of \$1.08 exceed their critical core costs by \$.18. This means that only \$.09 in donated funding is needed in low cost systems to pay for supplementary services as opposed to the additional \$.15 which is needed in high cost systems. Furthermore, low cost systems provide \$.27 worth of supplementary services compared with only \$.20 of such savings provided by high cost systems. Thus part of the saving on administrative costs in low cost systems goes towards supplementary services. These comparisons are summarized in Table 3.13.

Table 3.13
Core/Service Costs and Cash Costs

	<u>Administration and Direct Care</u>	<u>Cash Costs Per Child</u>	<u>Cash Residual for Supplementary Services</u>
High-Cost Group	\$1.14	\$1.19	\$.05
Low-Cost Group	\$0.90	\$1.08	\$.18
Mean For All Systems	\$1.01	\$1.13	\$.12

To verify the relationship between administrative costs on the one hand and direct care and supplemental services on the other, the two subsamples were compared on a number of program dimensions. These program characteristics are shown in Table 3.14.

Table 3.14

Program Services in Systems with
High and Low Administrative Costs Per Provider

	<u>Mean</u>	<u>Low-Cost Group</u>	<u>High-Cost Group</u>
Provider Index	12.4	13.1	11.6
Training Hours Per Month	4.8	4.9	4.7
Family Services Index	15.3	14.2	16.4
Group Size	3.1	3.0	3.3
Provider Rate	\$.64	\$.61	\$.68
Annual Provider Earnings	017.00	\$4664.00	\$5418.00

Overall there are no significant differences in service delivery, although the high administrative cost sample provides more family services than the other group. The large difference in the per-provider administrative costs is not outweighed by substantial increased direct care or supplemental services. Providers tend to be paid higher rates per child in the high-cost group, but comparative annual earnings for providers fall within the average range for all systems' providers. The question then arises as to the extent to which differences in staff salaries and staff benefits account for the twofold difference in the percentage of resources allocated for administration. Table 3.15 provides a comparison of the two groups on staff wage and benefit variables.

Table 3.15

Wages and Benefits in Systems With
Low and High Administrative Costs Per Provider

	<u>Mean</u>	<u>Low-Cost Group</u>	<u>High-Cost Group</u>
Average Staff Wages	\$13,320	\$13,546	\$13,095
Staff Benefits	1,807	1,910	1,705
Director Salary	14,949	14,547	25,352

There are no significant differences in staff wages and benefits across the two groups, although directors in systems with high administrative costs tend to be paid somewhat more. Based on earlier findings, it can be hypothesized that they also have more experience and use this to generate more in-kind resources.

3.6. Implications

Because of the small sample of family day care systems reported on here, the reader is cautioned that our findings may not be generalized to settings not covered by the study. For example, very large systems are not included. Nevertheless, the descriptive study has provided an opportunity to learn what comprises a family day care system and to examine the key relationships between costs and services, and between resources and the allocation of those resources to common system functions.

This chapter has provided a case illustration of the trade-offs that can be made, given fixed resources, between administration and direct care for children, and between these core functions and mandated supplementary services. Our intent is to raise questions for the future funding of systems by investigating the relationship between funding and the establishment of rates. Most importantly, the discussion of costs and rates can not be divorced from the issues of what providers can and are willing to earn as family day care providers.

Without work performance standards and quantified measures for mandated services, the rate-setting process for family day care systems will remain idiosyncratic. In areas of the country where reimbursement rates are set at

the low end of the spectrum, provider rates will remain below \$.75 per child-hour. Total costs will approximate reimbursement rates unless other sources of income are identified to augment government subsidies and unless directors capture a share of the available community in-kind resources. Clearly there is no systematic method/within or across states for setting reimbursement rates beyond the cyclic renegotiations between family day care systems and the state. Systematic methods for setting rates, however, cannot be achieved unless agreement is reached in each state regarding which services--and how much service--the state is willing to purchase. Without such standards, rates will continue to fluctuate based on what individual programs claim they are doing, assessed against individual program budget estimates, with no benchmarks with respect to allowable administrative costs or minimum provider wage rates.

Chapter 4: THE CHILD CARE FOOD PROGRAM

As explained in Chapter One, the Child Care Food Program was expanded in 1975 from its original intent to serve children in day care centers to include participants in sponsored family day care and group day care homes. At the time that data were collected for the National Day Care Home Study in 1977-78, the Child Care Food Program was reasonably well established in family day care systems but was still operating under the original regulations developed for family day care participation. These regulations did not necessarily reflect a comprehensive knowledge of the characteristics of this type of care. New regulations were recently promulgated by the administering agency* after substantial input from the child care community, and these have attempted to address many of the issues which we heard articulated during the National Day Care Home Study. Any discussion of the Child Care Food Program and its problems must include the recognition of these problems as evidenced by the new regulations.

4.1 Family Day Care Systems and the CCFP

To participate in the Child Care Food Program, a family day care home must be affiliated with a sponsoring organization. The term "sponsor" when used in relation to the Child Care Food Program does not necessarily denote the family day care system as we have discussed it elsewhere in this paper. CCFP sponsorship can be an arrangement whereby an agency submits an application and reimbursement claims for a group of homes but performs none of the other functions family day care sponsors typically provide, such as placement of children, collection of child care fees, provision of fringe benefits or training in child development skills.

*The Food and Nutrition Service of USDA.

At the time of the study and continuing to the present, there are relatively few family day care home systems and, consequently, a miniscule percentage of family day care homes are currently eligible to participate in the Child Care Food Program. In only a few states (notably three of those in our study, California, Pennsylvania and Massachusetts) has there been a demonstrated government interest in developing systems as a vehicle through which to deliver publicly funded care. However, the Child Care Food Program has increasingly been the motivating factor in the creation of systems and in the decision of many providers to become affiliated with systems where they do operate. In several states the social service, human resources or public welfare agency of the state has taken on the role of sponsor, acting as a conduit for CCFP funds because no "real" sponsors exist. The new regulations have taken note of the de facto exclusion of homes from program participation because of the lack of sponsorship and have authorized start-up funds to new or existing family day care systems to enable them to recruit up to 50 new or additional homes.

At the time of our data collection 5 of the 22 systems in our study--4 of them in California--did not participate in CCFP. This was a function of the newness of many of the systems but also reflected the reluctance of many program directors to take on what was viewed as the onerous recordkeeping responsibilities of the CCFP as then constituted. Since that time, for a variety of reasons, participation has been substantially increased. For example, today all California systems receiving public monies are required to participate in the CCFP, and participation in other states is virtually universal. In 1980, three years after the initial NDCHS system interviews, extensive discussions with state licensing offices, child care advocacy groups, welfare departments and participating systems in

states which were known to contain systems identified very few systems which did not participate in the CCFP. This increased participation on the part of family day care systems does not so much reflect a change in CCFP but rather a growing knowledge of and familiarity with the CCFP in the child care world.

4.2 Administrative Responsibilities

Although individual providers most often make decisions about menus and meal content, administration of the Child Care Food Program is primarily the responsibility of the sponsoring agency. The sponsor files the original and renewal applications for all homes and the monthly claims for reimbursement and is charged with monitoring the operation of the food program in each home. This involves periodic mealtime visits and checking of menus for nutritional content. The sponsor may, to a greater or lesser extent, train providers in recordkeeping and in menu planning, nutrition and meal preparation.

At the time of the NDCHS, the application and reimbursement process required that the sponsor keep the following records:

- copies of licenses and/or approval certificates for affiliated providers;
- family size and income data for each enrolled child;
- data on other income and expenses of program operation;
- copies of menus; and
- attendance forms and/or head counts of children fed.

In 1977-78, family day care systems used essentially the same methods as centers to calculate their reimbursement claims for submission to USDA. This involved identifying children as being eligible for free meals, reduced-price meals or base rate subsidies based on the families' income and size (see Table 4.1). Reimbursement rates were set for each meal type (breakfast, lunch, supplement) and income category (Table 4.2). The sponsor calculated the "cap" or maximum reimbursement level for the month by multiplying the number of meals served in each income category by the appropriate reimbursement rates for those categories (e.g., 15 free lunches @ 79.30¢ = \$11.92). The sponsor then calculated "actual costs" using either receipts for food purchased by the provider or a "flat cost of food factor" supplied by USDA based on the Consumer Price Index. To this was added the cost of administering the program based on the person-hours spent by the sponsoring agency on monitoring, training and recordkeeping. The reimbursement would be the lesser of actual costs or the cap.

Table 4.1

Family Income Limits for
Free and Reduced-Price Meals

<u>Family Size</u>	<u>Families Eligible for Free Meal Reimbursements</u>	<u>Families Eligible for Reduced-Price Meal Reimbursements</u>	<u>Families Eligible for Base Subsidy Reimbursements</u>
1	\$ 3,930	\$ 6,120	> \$6,120
2	5,160	8,050	> \$8,050
3	6,390	9,970	> \$9,970
4	7,610	11,880	> \$11,880
5	8,740	13,630	> \$13,630
6	9,860	15,380	> \$15,380
7	10,890	16,980	> \$16,980
8	11,910	18,580	> \$18,580
9	12,840	20,030	> \$20,030
10	13,760	21,470	> \$21,470
11	14,680	22,890	> \$22,890
12	15,590	24,310	> \$24,310

Table 4.2
Reimbursement Rates

	<u>Free</u>	<u>Reduced Price</u>	<u>Base Subsidy</u>
Lunch/Supper	79.50¢	69.50¢	14.50¢
Breakfast	40.25¢	33.25¢	11.50¢
Snack	23.75¢	18.00¢	6.00¢

In 1977-1978, family day care system directors and providers complained that the reimbursement procedures required recordkeeping beyond the abilities of a system and that the provider felt awkward asking parents sensitive income questions. As the cost of food alone often exceeded the cap, sponsors claimed they were not reimbursed adequately, if at all, for the amount of work involved in administering the program. Conversely, providers maintained that sponsors frequently deducted the cost of administration from the reimbursement checks and only then divided what remained among the providers. In some cases providers said that they received no reimbursement from the food program at all.

The income categories used by USDA are tied to the federal poverty level. In many states this fails to coincide with the income levels set for subsidized child care. In California, at the time of the NDCHS, families earning less than 84 percent of the state's median income were eligible for subsidized child care. The food program scale allowed reduced-price meals to families earning below 68 percent of the state's median income and free meals to those earning below 44 percent. Thus a large group of low-income clients were eligible to receive subsidized day care yet ineligible for free or subsidized food. In addition, these differences increased the administrative burden on systems by forcing family day care sponsors to keep separate eligibility records for food and for day care. Similar

discrepancies in child care and food guidelines to those reported in California were noted by directors in Pennsylvania, Texas and Massachusetts.

The new CCFP regulations were intended to eliminate many of the above complaints. They require family day care systems to use a reimbursement rate which is calculated to include both food and food preparation for each type of meal served (breakfast, lunch, supper, supplement) and is not contingent on family income. (See Table 4.3.) Providers multiply these rates by the number of meals of that type served during the month to obtain the reimbursement to which they are entitled. The sponsor is then allowed to add on an administrative fee, which is tiered by number of homes administered. A sponsor may claim the actual cost of administering the program up to a maximum of \$45.00 per month for each of the first 25 homes sponsored, \$35.00 per month for each of the next 50 homes and \$30.00 per month for each additional home. Sponsoring organizations are now required to pass all of the reimbursement for food and food preparation on to their providers within a limited time of receiving the reimbursement.

Table 4.3
Reimbursement Rates under 1980 Regulations

Breakfast	46¢
Lunch/Supper	90¢
Supplement	27¢

In addition to the basic reimbursement, USDA provides food commodities to programs in states willing to undertake their distribution. Where the state elects not to accept commodities, providers are given cash in lieu of commodities at the rate of 12.75¢ for each lunch and

supplement served. The state of California further supplements the subsidy at a rate, at the time of the study, of 6.14¢ for each breakfast and lunch served.

When asked about the benefits of family day care system membership, providers frequently mentioned the food program and the fact it helps them to provide nutritious, high quality food to children in care. Although the food program was originally intended to increase the nutritional intake of children from low-income families, all children in a day care home most surely benefit. To the extent that the provider must think through and plan her meals with the nutritional guidelines of USDA in mind and to the extent that the additional money is used to upgrade food, then meals for all children are improved.

Most system directors and caregivers queried agreed with the nutritional requirements of the Child Care Food Program. The few complaints we heard generally concerned the amount of food which must be served. Providers felt that the serving sizes required were wasteful and that waste was not a good value for children to learn. Other complaints had to do with the difficulty of translating many of the nutritional requirements into ethnic meals. Tortillas were a particular bone of contention among our respondents; however, the new CCFP regulations now recognize corn as a whole grain. An ongoing concern is the requirement that whole milk be served. Many caregivers feel that this is inappropriate in homes serving non-White children.

One complaint frequently voiced during our data collection remains, and there is little CCFP can do to remedy the situation. Title XX includes in its subsidy an amount

meant as reimbursement for food. Several states have adopted the tactic of deducting this amount from the Title XX reimbursement when caregivers participate in CCFP. This frequently results in a net loss which caregivers are unwilling to accept and they consequently opt out of CCFP participation.

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APPENDIX A

INDIVIDUAL PROGRAM DESCRIPTIONS

In the following pages, each of the 22 family day care systems studied is described in some detail. In all cases, the description is of the agency as it was at the time interviews were conducted with system staff. Changes since that time--growth or decline, changes in policy or personnel--are not reflected in these summaries. Interviews in Los Angeles were conducted in late 1977, in Philadelphia and Massachusetts in mid-1978, and in Texas and Arkansas in late 1978. This appendix is organized as follows.

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The Big Sister League

Los Angeles

The Big Sister League is a private nonprofit social service agency which has been operating in the Los Angeles area for 55 years. In addition to running a family day care system, the League operates and funds a residential program for unwed teenage mothers and infants and oversees the Collegiate Infant Care Center.

The family day care program began operations in June 1973, under Assembly Bill 99 for innovative child care and development services. The program responds to the day care needs of mothers both within the residential program and in the general community. The program is especially concerned with low-income, AFDC and single-parent families. These community needs were identified by a feasibility study undertaken by the staff. Because the program is concerned with meeting the needs of single-parent families, substantial emphasis is placed on parents' involvement in the program. Parents are invited to social events organized by the program and are encouraged to attend group workshops and educational meetings with other single parents.

The agency encourages providers to operate their homes independently and requests that each provider become licensed by the county before joining the system, so that providers can continue giving care after they leave the system. The program administrators stay in close contact with their providers, visiting them weekly to counsel and discuss the day-to-day operation of their child care homes.

The system also offers providers moral support and unity. This year, for example, providers were taken to a resort area for a series of educational and social events.

Ethnic dinners are also frequently planned. The system and its providers are currently raising money so that all may attend a family day care convention.

The system's educational program begins with a series of individual meetings in providers' homes, followed by educational sessions with a group of other providers. Later, providers attend educational sessions at which parents and outside professionals are included. The program director reports that the educational sessions she conducts consist of lectures, workshops and discussion groups. In an attempt to increase attendance, she limits lecture time, organizes the meetings around informal discussions, and invites parents to the sessions. These changes have resulted in more active sessions and increased attendance.

Twice a year, the Los Angeles Board of Education administers the Denver Developmental Test to all children in the family day care program. Results from this unique resource are used to identify developmental goals for each child during the coming year. In one instance, staff noted a child's poor articulatory skills; counseling was initiated which focused on encouraging the child's verbal expression.

The family day care system operates under the regulations imposed by Title XX, with a sliding fee scale and priority determined by clients' needs. The director noted one area of conflict concerning regulations: the California Department of Education has maintained that a provider's children up to six years of age must be included in calculating enrollment. The director also feels that reporting requirements for attendance and Child Care Food Program menu requirements were cumbersome and inappropriate for family day care homes under system auspices.

City of Gardena

Gardena

The City of Gardena has operated a family day care program since November 1976 as part of its social service element. It began operations under AB 3059. As part of city government, the coordinator of the program has been intimately involved as one element of a team. She has been able to develop strong links with other social service programs in the city, giving special help to the families served by the day care program. The program is part of a community referral network, giving and receiving referrals to and from other local social service agencies.

The family day care program serves the Gardena Planning Area, which encompasses some areas beyond the city limits. The city council has raised the question of the appropriateness of a city agency's serving people beyond city limits--although no city funds per se are involved in the service delivery. The city does provide in-kind contributions to the program, such as transportation, clerical assistance, office supplies and administrative help.

When the program started, a number of new providers were accredited by the agency. Shortly after start-up, differences between providers' and parent' lifestyles and goals created tensions which resulted in a high turnover of caregivers. The coordinator now visits each caregiver twice a month, offering supportive contact. In addition, three-hour workshops are given once a month. Providers are paid on a monthly basis through a negative accounting system. Their pay is based on actual hours of service with allowances for child sick days and earned unexcused absences.

BRIDGES

Pomona

The Braswell Rehabilitation Institute for Development of Growth and Educational Services, Incorporated (BRIDGES) developed from a family-operated business of nursing homes, eventually expanding into child care. The family day care program, funded by AB 3059, coordinates 8 providers and 22 children. Providers contract with the program but are not bound by exclusive use agreements.

The program recruits providers and children, determines eligibility and refers clients to other agencies. Although the program performs the essentials of operating a family day care system, it is minimally involved with the day-to-day delivery of child care. Most of the responsibility remains with providers and parents in arranging for child care and handling ongoing difficulties. The program handles reimbursement monies for AB 3059 subsidies, but providers are responsible for collecting the portion of fees paid by parents eligible for a sliding fee scale. The program provides no medical screening or services to enrolled children and expects providers to arrange for their own substitutes.

Community Care and Development Services
Los Angeles

Community Care and Development Services is a private nonprofit social service agency which has been operating in the Los Angeles area for 11 years. It began as a preschool Head Start program administered by the Council of Churches. It now provides day care through its system of six day care centers and network of family day care homes.

Funded by AB 3059, the family day care program began operations in March 1977. It manages 21 homes caring for 39 system children. Provider affiliation does not include an exclusive use agreement--children whose fees are paid privately or through local welfare monies may be recruited by providers. Shortly after start-up, the program experienced a large turnover of providers, created by overzealous early recruitment. Poor planning efforts forced the program to cut back on providers and children until the new fiscal year.

The agency is supportive of caregivers in an advisory capacity, and homes are visited at least once a month. Training of providers, however, is limited--only one workshop has so far been given. More have been planned and a proposal submitted for funding of a fairly comprehensive training program. Although the director is dissatisfied with the programmatic content of some of the family day care homes, pressure is not exerted on providers to do more with the children. At this time, the director feels that the provision of safe, clean and comfortable day care is sufficient to allow a provider to remain in the system.

The system encourages direct contact between parents and providers and acts as an intermediary only when necessary. Most placements are made based on the geographic convenience for parents. When placements cannot be found, the agency suggests other potential sources of day care for the parent. There is no formal programmatic contact with parents.

The system provides a range of services through its affiliated parent organization, benefiting all age groups; when parents or children need additional services, Community Care and Development Services staff look in-house first. Some of the services offered are health screening, nutrition services, materials, media and toy lending libraries, special services for handicapped children, coordination of a volunteer program, employment training and placement services and the promotion of ethnic interaction and awareness. If in-house services cannot meet the needs of day care clients, the system urges families to consult their family physicians. Occasionally they refer children with special needs to outside agencies.

System staff determine eligibility of clients for their own system and occasionally for other systems. The system determines the fees to parents based on the state's sliding fee scale, but requires providers to collect the fee directly from parents. There are currently no private full-fee children within the system. Some care within the system is paid directly to providers by the local welfare agency.

HomeSAFE

Los Angeles

The HomeSAFE program is part of the Thaliens Community Mental Health Center of Los Angeles. Housed within the Cedar-Sinai Medical Center, the HomeSAFE program has access to the many resources of the Thaliens Mental Health Center.

The program began operations in 1973 as a result of a feasibility study on meeting the needs of single-parent families. Presently, the majority of funding is received from AB 3059, with in-kind contributions from Thaliens Mental Health Center approximating 39 percent of the income received. Parents pay on a sliding fee scale and, in some instances, children receive scholarships made available by the program.

Providers are closely affiliated with the HomeSAFE program. Part of the recruitment process involves careful screening for stable caregivers who can take on the many responsibilities required--attendance at workshops and preservice training sessions, acceptance of volunteers into their homes, and weekly dinners for children while parents attend therapy sessions. Providers are expected to participate in group activities while being encouraged to handle the day-to-day communications with parents in an independent fashion. Particular to HomeSAFE is a need for long-term providers, who, through training and personal expertise, can become part of the support system for single-parent families.

Providers meet with teachers and volunteers weekly in a school session to learn new school readiness activities. During these periods the family day care children socialize

with children in the center. They attend workshops on a wide variety of subjects. The workshops utilize volunteer resources from the medical and mental health centers.

The Edna Reiss Award was presented to the program in 1975 for the imaginative use of volunteers in the promotion of mental health in children. The volunteer program included the use of high school students, girls from residence homes, graduate students in early childhood education and a volunteer foster grandparent program. The foster grandparent program offers children and single parents contact with older persons acting as substitute grandparents on weekends.

Another special feature of the program is the preference given to homes where the husband will be at home part of the day. This policy was elected to ensure a family atmosphere for the children in care, particularly since the children enrolled are from single-parent families.

The uniqueness of the program is the support system it provides to both child and parent. Coordination between provider training and orientation, services offered, parent therapy groups, weekly dinners, child activities and the volunteer program all work to provide a healthy and complete environment in which children and single parents can grow. Because parents are single, they share a common bond which facilitates the group sessions and activities. Frequently, after children outgrow the need for day care, parents return to share their experiences with new single parents entering the program.

International Institute of Los Angeles

Los Angeles

The International Institute of Los Angeles is a private nonprofit agency founded in 1910 to offer supportive services to foreign-born populations relocating in the Los Angeles area. The Institute coordinates employment training programs, offers nutrition services and immigration counseling and teaches English as a second language. Community cultural affairs and various programs offered by the agency attempt to meet the changing needs of the immigrant populations.

In 1976 the Institute applied for AB 3059 funding and received a three-year grant to organize and operate a family day care program. Currently, the program serves 81 children in 33 homes. It does not restrict providers to system children. Because the program has not been able to find enough family day care providers, part of the funding has been used to support a small day care center currently serving an additional 26 children.

The family day care program was originally developed as an option to center care, with a focus on placing crisis children in day care homes. The program, however, has been unable to serve crisis children. Licensing and funding difficulties during start-up have created additional burdens to management, delaying the placement of crisis children.

The start-up of the system was hampered by the community's lack of understanding of family day care. The public appeared to consider the service little more than a babysitting service. The Institute spent considerable time promoting the concept to parents while continuing to offer them a choice between family day care and center care. Licensing itself took up to three months, seriously discouraging many provider applicants.

The program currently serves Chinese and Hispanic populations. Future expansion efforts will involve Koreans. Bilingual staff speak English, Spanish and Chinese. An interesting difference between the ethnic groups has been noted by the director. Spanish caregivers who have terminated frequently have been pressured by husbands dissatisfied with their working status; when Chinese caregivers leave, often their immediate plans are to continue their education in order to obtain more lucrative positions.

The International Institute applied for Child Care Food Program reimbursement. Before receiving funding, the state's food consultant suspended the program because menus were not found to be adequate. The suspension was appealed, and, following a lengthy process, the program is presently receiving food monies.

The uniqueness of this program is its ability to attract and serve foreign-born populations. The location within an ethnic community and the association with the International Institute makes the program difficult to reproduce.

UCLA Family Day Care Program

Los Angeles

The UCLA Family Day Care Program began operations in December 1975. It is the understanding of the co-director that it is the first university to offer a family day care program and as such serves as a model for other university-based programs. Originally, the family day care program was established to compare the cost of this type of care to center care.

The UCLA system currently consists of 35 day care homes which provide care for 85 children. The system is available to the university community, including students, faculty and staff. It is financially supported by discretionary funds from the Chancellor's office and private fee payments. Occasionally Community Care and Development Services or Santa Monica Family Services determines eligibility for day care subsidies. Management decisions are made primarily by co-directors pending approval by the Administrative Director of Child Care Services. The directors are quick to point out, however, that the family day care program is nearly autonomous. Receiving funding from the Chancellor's Office has its benefits and drawbacks, as the life of the program is dependent on the discretion of the Chancellor. Fortunately, the Chancellor has been agreeable, although increased funding could be utilized for additional administrative staff. The co-directors are currently seeking outside funding sources.

Parent interviews are held and child development histories are required prior to placement. These consultations afford the opportunity to refer children to other departments within the university when special services are needed. The program has not been able to capture all of the

available university resources. The co-director will become more involved in this coordination effort in the coming year.

The most impressive aspect of the UCLA Family Day Care Program is the series of monthly workshops that are conducted for providers. Attendance at these workshops is mandatory and providers are given a nominal incentive fee to cover transportation. Topics covered vary from month to month and sometimes experts in child development or other relevant areas from within the university make guest appearances. A positive approach is taken during these workshops, beginning with providers' self-esteem. The system also organizes monthly trips to places such as the beach, parks or the zoo for children in care and provides transportation for these outings.

Community Housing Services of Pasadena

Pasadena

Community Housing Services of Pasadena is a private, nonprofit agency developed to act as an advocate for low- and moderate-income families. The agency was developed to assist a community of Black people displaced as a result of the expanding freeway system in Pasadena with counseling on housing needs. Over the years the agency has expanded its services to include adult evening education, center day care and a family day care program. The family day care program began in October 1976 and developed to meet the needs of some of those families receiving housing and day care center services. In the opinion of the director, infants and young children need the daily environment of the family and can best be cared for within a family day care program rather than in center care. Most children are recruited by word of mouth and from the publicity generated by the director's family day care classes.

A unique feature of the agency is its approach to new providers. An extensive training program has been developed, based largely on the former director's expertise in teaching family day care classes to the public. The public classes attract new applicants and serve as preservice training. The approach to providers begins with improving their self-image as a route to training them to deal effectively with children and parents. To assist providers, the program has a nutritional coordinator, a curriculum coordinator and a community resources coordinator. The director stated that one goal of training providers is to prepare them to become independent caregivers when they leave the system. A group spirit exists among providers, who will be traveling to Hawaii on a group vacation with staff from the family day care program.

The program offers helpers to providers when needed and pays helpers \$2.75 per hour. Although the program is reimbursed less for infants, the program pays providers more for infant care than for older children.

Learning Unlimited

Los Angeles

Learning Unlimited Family Child Care Homes is a private nonprofit family day care system which has been operating since August 1976. Learning Unlimited exists solely in the interest of coordinating day care for children through its network of twelve homes. Funded under the California Office of Child Development, Learning Unlimited operates under the requirements and regulations of the California Department of Education. Although a working relationship now exists between the agency and the Department of Education, initial contacts largely hindered the program. The program is the only one which is not affiliated with a larger organization.

Funded by the state, the program responds to the state's ceilings on the maximum number of children allowed. Consequently the homes serve as many as 10 children each. The director is attempting to develop a program of group day care homes.

Learning Unlimited determines eligibility of parents for subsidized care and sets child care fees according to the state's sliding fee scale. Responsibility is placed upon the parent, however, to visit the suggested home and discuss care arrangements with the provider. The program director monitors homes monthly. Providers are required to attend monthly workshops on child development and curriculum.

FAMILY DAY CARE SYSTEMS IN GREATER PHILADELPHIA

Philadelphia Parent-Child Center

Philadelphia

The Philadelphia Parent-Child Center was begun in 1968 by a group of parents. Such Parent-Child Centers were established nationwide from recommendations of the Task Force on Early Childhood Education following President Johnson's message to Congress of September 1966. The Parent-Child Center now offers a Learning Center Program, a Home Visitor Program, center day care, home-based Head Start, and a family day care system.

The family day care system was established in 1974. It is comprised of 50 homes serving 189 children. The system maintains an employer-employee relationship with its providers.* Exclusive use agreements are in effect. The system places three, four or occasionally five children in a home. The population served are primarily low-income Black children whose parents are working or in employment training programs. Providers are available for child care 11 hours per day, 5 days per week.

An analysis of provider wages indicates they are paid \$2.34 per hour or \$128.90 for a 55 hour week. If one includes the value of 35 paid days per year (for holidays, vacation and sick days) the hourly rate increases from \$2.34 per hour to \$2.66 per hour. In addition, the salaried providers enjoy fringe benefits of health insurance and the status of being employees. However, when state and city taxes are deducted the provider's net pay is reduced to \$107.00 per week. Contributions to social security may be desired by providers and year-end tax deductions recapture part of federal and state taxes paid. Contributions to unemployment insurance are made for providers entitling them to collect unemployment compensation when employment terminates.

Screening begins with the first telephone contact. An application is then filled out by interested caregivers. The home is visited by a supervisory staff member and the director, and then by a Board member and the executive director. These inspectors look for stability and sensitivity to children's and parents' needs. Approximately one provider out of 20 is accepted. The system has found it difficult to find good providers.

Management staff are very concerned with professionalism of providers. To encourage professional attitudes in providers, all providers are considered employees of the system. Annual evaluations are conducted and written up. In the past year, one provider was terminated. On the average, providers stay in the system for two to two-and-one-half years.

The Philadelphia Parent-Child Center received additional funding for training a large number of providers in the Philadelphia area. The training grant served providers of this program as well as those of the Northeast Interfaith Consortium. Presently, the funding has terminated and with it the training sessions of the sponsored providers have temporarily been reduced in frequency and content.

The system has been participating for two years in the Child Care Food Program. Ongoing processing has been found to be time-consuming but not difficult. A blended rate is used, and almost all children qualify for the maximum subsidy. Reimbursement is for food costs and labor costs for food preparation.

No medical services are provided. Referrals are made to both private doctors and public clinics. The system is in daily contact with agencies for referrals of clients.

Northeast Interfaith Consortium: After School Program
Philadelphia

The Northeast Interfaith Consortium was developed by grouping Catholic Social Services, Associated Jewish Children and Episcopal Community Services to become eligible for Title XX funding as a non-sectarian organization.* Proposal efforts, budgets and reimbursement for federal child care subsidies are accomplished by grouping income, expenses and attendance of the three religiously affiliated agencies.

After School Program

Services were further expanded when the Consortium developed an after-school program in 1973. The after-school program serves an additional 58 children in 18 homes. Providers work through written agreements with the system and are permitted to take neighbors' children by approval.

Providers are screened through telephone interviews and home visits. Staff visit the provider's husband once or twice as part of screening and homes are required to be within walking distance of schools.

Providers attend monthly training sessions; when weaknesses in caregiving skills are recognized, in-home training is offered. Caregivers are contacted two to three times per week for evaluation purposes. There are no unannounced visits and evaluations are informal. Providers submit daily reports for purposes of documentation. Both the activity specialist and the director have sufficient contact to gauge how well providers are doing. Feedback on caregiving skills is offered.

*See individual profiles of the Catholic, Jewish and Episcopal family day care programs on the following pages.

The family day care homes within the after-school program close during summer months and school vacations. During that time, the children attend the program's day care center.

The children served are predominantly White school-aged children from families eligible for Title XX funds. Social workers may prioritize enrollment of children whose families are in more desperate need of care. They screen children for medical needs referring them to local clinics. A parent advisory board exists only on paper, however, parents do meet monthly. They are typically interested in the parent education courses offered through the Consortium.

The system participates in the Child Care Food Program. The paperwork, monthly reports, delays, and excessive red tape during application and reimbursement have created considerable duplication of reporting efforts.

Association for Jewish Children

Philadelphia

The Association for Jewish Children began child-oriented services in 1941. Many orphan and adoption services have since been replaced by family day care home and center child care and services to unwed mothers. The organization serves Jewish children and families.

The family day care system was first organized in 1969. In 1972 the Association originated the Northeast Interfaith Consortium by grouping together the Catholic and Episcopal child care services. As a group the Consortium is a non-sectarian social service agency.

The family day care program of the Association for Jewish Children maintains exclusive use agreements with 24 homes serving 33 children. Jewish children three years old and under in northeast Philadelphia are served on the basis of employment-related needs of parents or special needs of children. The program strives to serve both socioemotional and educational needs of children. Because the children served are so young, homes are limited to two children.

According to the director, regulations are stringent and still oriented towards center care. Some regulations are not complied with (e.g., thermometer in refrigerator, first aid kits, fire alert systems).

Providers are recruited through a sectarian newspaper within the Jewish community. Geography is a prime consideration in selecting providers. Extensive telephone screening is conducted followed by an office or home visit. A meeting with the provider's husband takes place before an application is accepted. Providers sought

are "warm, nice people with physical stamina who have raised their own children." One out of two applications is accepted.

All the programs within the Consortium depended heavily on the training grant given to the Philadelphia Parent-Child Center. The termination of this grant has created a temporary lapse in sessions. Directors of the Catholic, Jewish and Episcopal programs are in the process of reorganizing training programs for their own providers. The centralized training is sorely missed.

Providers are contacted by the system once a week. Unannounced visits are also made. Caseworkers evaluate the caregiving arrangement and offer feedback to parents and providers.

Although the system participates in the Child Care Food Program, the director could only relate second-hand that the program experienced difficulties with application. For reimbursement of food monies, the Northeast Interfaith Consortium groups together all preschool and after-school family day care programs of Episcopal Services, Catholic Social Services and Associated Jewish Children. According to the director, no administrative funds are received to manage the food program. System staff feel that nutritional training for providers is needed.

A number of ancillary staff are available and useful to parents and children for medical screening and diagnostic services. Referrals are made daily. The state appropriates money for parent involvement: group sessions are held on single parenthood, assertiveness and recreation.

Catholic Social Services,
Philadelphia

Catholic Social Services, under the domain of the Catholic Archbishop of Philadelphia, serves the general population, offering counseling, adoption, child care and elderly needs services. The family day care system, which serves northeast Philadelphia, was organized in 1972, when it joined the Northeast Interfaith Consortium. Providers work under contract but are not restricted to system children. The program consists of 24 homes serving 39 children. About five of these homes have been in the system since 1973. The program is understaffed and is managed primarily by the director. The director does not appear to have any help in screening providers or operating her program, and therefore cannot extend additional help to clients. Generally, parents are desperate for child care.

The system places no more than three children in a home unless they are from the same family. System policies and state licensing regulations occasionally conflict--in one instance, an expectant mother was terminated as a provider due to licensing restrictions, although she was able to continue caring for the children. In many cases, providers are not able to afford certain safety items, such as first aid kits.

No telephone screening is done except by location. Staff feel that providers cannot be judged except in person. Applications are completed and home visits conducted to collect safety and health information. About one out of 12 applicants is accepted.

Presently, training sessions take place monthly. Training is provided by a psychologist and various other

outside persons. Providers are reimbursed for sitters and transportation to attend training.

Informal evaluations are made by contact about every five weeks. Unannounced visits are made as informal discussion of program goals rather than as monitoring visits. The philosophy of home care is that providers substitute for parents. Educational activities are not stressed.

Although the program has recently participated in the Child Care Food Program and providers will shortly be receiving food monies, reimbursement for food monies will be retroactive. Even terminated providers will receive payment. Some of the reporting forms for the food program and the state social services department duplicate reporting efforts.

Episcopal Community Services

Philadelphia

Episcopal Community Services began in the 1800's. The agency's overall goal is to serve the socioemotional needs of the community. The organization is nonsectarian and its family day care program makes the consortium eligible for Title XX funds. The child services offered are residential infant care, after-school care, and prenatal care.

The family day care system was organized in 1972. Providers work under a written contract but are not limited to system children. Nine providers currently care for 18 system children and 10 nonsystem children.

There is a limit of four children per home. The system attempts to follow state regulations closely but may be out of compliance with certain requirements, particularly health and safety regulations. These are sometimes difficult for providers to conform to (e.g., wading pools disallowed; plastic utensils required). Providers also find it difficult to comply with regulations concerning the limit on number of infants per home. Special needs children are cared for by providers with such children already in care.

Geography is crucial in screening providers. Potential providers are interviewed and visited at home by the director who meets the whole family and checks on the home. The director looks for activity-oriented providers who are concerned with children rather than with money; for homes which are light and uncluttered, and in which the television is not on. Out of three applicants, one is accepted as a provider.

Monthly training is required of providers. To encourage attendance, certificates are given. The agency presently has an attendance problem. Sessions are intended to provide caregivers with information, a learning experience, and a supportive atmosphere of people with similar caregiving concerns.

Evaluation is conducted through monthly contacts. Unannounced visits are not made. Informal evaluations are made by the director. On average, providers stay in the system about three years.

The system participates in the Child Care Food Program and is presently awaiting its first reimbursement. The Consortium handles the billing and disbursements for the program. In the past there had been little concern with nutrition for children, but there is now a growing awareness of its importance.

The system has associations with Community Mental Health for psychological testing and with a medical center for TB tests and immunizations. Referrals occur a few times per year. Parents are not involved in the systems' operations in any formalized way.

Bucks County Coordinated Child Care Services

Southampton, PA

The Bucks County Coordinated Child Care Services, located north of Philadelphia, is approximately five years old. It operates eight day care programs, including a Head Start Program.

Its family day care system was organized in 1974. Agreements with providers were originally written, but are now oral. Although there is no formal exclusive use agreement, providers cannot take non-system children. At the present time, 25 homes serve 120 children. The system would like to care for more infants and toddlers, but regulations do not permit this. The vagueness of most regulations is a problem both for the director and for providers.

The first contact with potential providers is by telephone; no screening is done at this time. Applications are mailed out; those interested return applications, including the signature of the husband. Providers are then selected on the basis of a home visit during which the provider-child interaction is observed. Southampton is a densely populated area with a substantial need for day care; yet it is difficult to find good providers.

Ongoing training is held monthly. About 75 percent of providers attend. A variety of program staff operate these training sessions. Attendance by providers is most influenced by agenda and weather. To encourage attendance, providers are paid \$1 per hour for babysitting and 15 cents per mile in travel expenses. Evaluations are performed through monthly contacts with providers. Unannounced visits are made to homes.

In general, few special needs children are cared for. Some are taken by providers who are able to deal effectively with these children. No additional money is paid for the care of special needs children. Children's socioemotional needs are emphasized over their educational development.

Federation Day Care Service

Philadelphia

Strengthening family life is the general goal of Federation Services, begun in 1925. The agency offers center day care, day camps, mini-groups for day care, counseling and referral services, an early intervention program, a family day care program and parent groups.

/The family day care system began in 1974. Care-givers operate under exclusive use agreements. At present, 4 homes serve 17 children, and expansion is planned. The neighborhood served is a Jewish area of northeast Philadelphia. Although providers and children have access to an excellent center facility and outdoor play area including a swimming pool, providers prefer to stay at home with the children.

The system places four children with inexperienced providers and five when providers are more experienced. The system's requirements are stricter than state regulations. A casework approach is taken in approving homes and screening providers. The state monitors homes, visiting approximately 10 percent. The director agrees that regulations are geared towards center care. For her program, this presents few problems, however, because homes are selected which are most similar to mini-centers. Providers are heavily trained in school readiness activities for children and coordinate a structured day care program.

The screening process involves a lengthy telephone interview and intensive interviewing. Potential providers are shown the necessary forms, and asked to visit another provider to discuss the system before the applicant is asked to join the program. Out of 10 inquiries, only one provider

is accepted. System staff feel that no matter how much is explained about the job, new providers are surprised at how demanding their new position is.

The preservice training program involves a visit to another home for a full day, as well as a review of the programs manual for professional caregiving. The manual reviews in detail how homes should be set up for day care. Meetings in centers are held twice a month. The director supervises homes weekly, teaching the provider through modeling techniques on an as-needed basis.

Almost daily contact is made with providers. Unannounced visits and formal evaluations are made. Feedback is given to the provider and agreement is reached on what is expected of them. As yet, none have been terminated by the system. On the average, providers stay with the system for two-and-one-half years.

In general, the family day care system serves single working parents. Because the population served is Jewish, menus are kosher and the Passover fast is observed. The program includes a parent group; \$5 is charged for permanent membership. Parents are involved in fund-raising and policy setting and learn about child development. Speakers are invited to parent meetings. Group attendance is enhanced by the social nature of the meetings.

Medical screening is done at the center by outside staff. Children are also escorted to free services within the city. Referrals are made frequently to other agencies if the need cannot be met by the agency.

Associated Day Care Services

Philadelphia

Associated Day Care Services of Philadelphia has been in the child care business since 1927. It is perhaps the oldest day care association in the United States. The organization has two preschool facilities. The family day care system began in 1956 to provide an alternative to center care.

The program contracts with 115 providers having exclusive use agreements to care for 375 children. No more than four children are placed per home. Although more children can be placed, the director feels that six children are too many for the average caregiver. The director worked on the formulation of regulations for Pennsylvania.

Approximately 50 providers are AFDC recipients. According to welfare requirements, earnings must be reported and deducted from welfare benefits. The director of the agency appealed to the welfare department regarding this policy. The appeal claimed that child care earnings produce little or no profit when one computes overhead and out-of-pocket costs to provide care. The director feels that social workers who determine welfare eligibility and payments are not qualified to determine whether or not a profit is made by providers. Negotiations are still in process regarding the ruling.

Associated Day Care has a unique staff structure. The program includes 5 coordinators who manage 20-25 providers each. Homes are selected within particular catchment areas, which allows homes to have other

providers nearby to act as alternates and to help with transportation needs. The program has a waiting list of providers. For every five providers who call, one is accepted.

Preservice training is required and consists of a 30-hour week to familiarize providers with child development and the operations of the system. Ongoing training is given once a month. The training is informal and experienced providers are encouraged to set up and manage some sessions. Training allows providers to feel a part of a group of professionals. Because this is one of the oldest family day care systems, two providers have retired since the system was formed. Five providers stayed over 10 years, and 15 to 20 joined 7 years ago. Turnover is low--approximately 10 providers leave per year.

The system participates in the Child Care Food Program and although the application and reimbursement processes are complicated, the most complex aspect is determining an equitable reimbursement rate for providers.

Children are easily recruited because the agency is well known in the area. The program prefers a gradual enrollment of children. The system extends no medical screening services. They refer parents to other social services agencies weekly, preferring to avoid casework with parents. The director feels that the Philadelphia area contains sufficient social service agencies to meet non-day care needs of parents.

ARVAC Family Day Care Program

Dardanelle, Arkansas

ARVAC began in 1965 as a Head Start program and was later expanded to a large training site for Head Start and home visitor training of a seven-state area. The agency includes Title XX centers, a family day care program, basic educational skills programs, and home visitor programs for the rural area surrounding Dardanelle and Russellville, Arkansas.

The family day care system was begun in May 1977. Eleven homes serve 51 income-eligible children. Providers work under written contracts with exclusive use agreements.

State funding is problematic, in that homes are not funded annually. Instead, monthly extensions accompanied by additional budgets are required. Beyond funding, the system has little problem with regulations. Arkansas allows licensed care to have as many as eight children in a home while sponsored care limits a home to six children (or five if two are under two years old). The system abides by Title XX regulations.

Providers are recruited informally through other Head Start agencies, home visitors, and their reputation in the area. During start-up, providers were fearful of local licensing staff and requirements. The licensing process kept many applicants from joining the system, creating a shortage of providers during the start-up period.

Preservice training is conducted during an initial visit to the home. At this time, providers are oriented to the program and informed of what will be expected of them.

Home visitors provide in-home training to caregivers in activities with children, as well as in-home skills. Providers also attend training at ARVAC once every two months, and all providers from both regions meet together annually. Providers are also invited to Head Start parent meetings. Transportation is provided and a social period is held following the training session. All ARVAC staff, as well as outside consultants, health and home economists, coordinate in the training.

Providers are evaluated through frequent contact with staff and unannounced visits semiannually. Self-evaluation is conducted every three months with a home visitor. The system has not yet terminated any provider from the program, although one provider lost her license for noncompliance with regional health standards.

Neighborhood Centers-Day Care Association

Houston, Texas

Neighborhood Day Care Centers began in 1907 and extends social services to residents of the Houston area. It merged with the Day Care Association in 1951 through the action of the Community Council, a planning organization for social services. Over time, it brought together the day care centers operated by Neighborhood Centers, Hester House and family day care homes administered by Family Service Bureau. Special planning efforts have traditionally involved community residents; services are delivered on a neighborhood basis. The Association operates a \$14 million annual budget.

The family day care system originated in 1951, and now operates some 128 family day care homes serving 394 children. Program staff feel that the system could manage up to 200 homes. Providers are affiliated by a written agreement which includes an exclusive use clause.

The system previously adhered to the Minimum Standards, effective July 1976. The Texas Quality Child Care Regulations (QCCR) became effective September 1, 1978. The director stated that although the Minimum Standards had been clear, the QCCR were not only unclear, but also geared toward center care rather than family day care. Although the system complies with the regulations, providers complain about the staff/child ratio requirement and about the rules for transporting children in their cars. System staff would recommend deleting those requirements which cost providers money, such as purchasing toys for children.

Most new providers are recruited through other affiliated providers. Following telephone screening, a case aide conducts a home visit to assess home sanitation and safety and to discuss the caregiving arrangement with family members. Following a review in the office, a return visit is made by a professional. An application and an in-depth interview are required. A further consideration is the provider's source of income; if there is no regular source of income the system is not likely to accept the applicant.

At one time, the system had three training sessions to familiarize new providers with fundamentals of child development, nutrition and health. Providers now meet once a month for a one- to two-hour evening session. In addition, a training unit within the Department of Public Welfare conducts morning sessions and ongoing training.

Evaluations are conducted monthly. Extensive documentation is kept on each contact with providers and feedback is given to providers by the staff. The State Department of Public Welfare evaluates a sample of homes quarterly. The system has contact with providers two or three times per month via unannounced visits. The director feels that providers should be secure enough to accept visitors at any time.

Although the family day care system heard about the Child Care Food Program through center day care, they find it difficult to take advantage of: increasing amounts of paperwork are required; rates do not cover the cost of food; eligibility levels are different for food and for day care; and a large amount of data is required for reimbursement.

Children not qualifying for Title XX funding are referred to the United Way Centers. If United Way has no space they are referred to the Department of Public Welfare and the City of Houston. Liberal guidelines for subsidized child care are in effect within the city limits. Most children in the system are obtained through welfare department referrals. The system accepts handicapped children if appropriate arrangements can be made with a provider. In general, the system serves a low-income population.

Because the Association has several center programs, family day care children are offered transportation services daily. The program extends transportation to providers to attend training sessions and group meetings. The system also provides medical services. It aids clients in obtaining health exams, makes referrals for immunizations, and transports children to centers for health screening. Attempts to involve parents in the system's activities have not been successful.

Economic Opportunities Development Corporation
San Antonio, Texas

The Economic Opportunities Development Corporation, in San Antonio, is a community action agency whose total program budget is approximately \$13 million. The agency serves educational, health, employment and training needs, with service delivery on a decentralized basis. Social services offered include nutrition services, child care, services to youth and family planning.

The family day care system was begun in 1972. Providers work under written contracts with exclusive use agreements in 20 homes serving 80 children. System staff feel that they could successfully manage a larger number of homes.

The State of Texas Minimum Standards are being updated by the Quality Child Care Regulations. The director views the QCCR as more center-oriented and more difficult to implement than were the original Minimum Standards. The system complies with the state licensing requirements, placing few additional restrictions on providers. State monitoring officials visit and evaluate a sample of homes three times each year.

Most new providers are recruited through other providers working within the system. Following a telephone interview, a visit to the home is scheduled which includes a health inspection and a conference with the potential provider. Further home study depends on the results of this interview, involving three or four visits in all. A physical exam is required of all applicants and those over 53 years old are not accepted. References and recommendations are also considered. In all, only 50 percent of applicants are accepted as providers.

The program offers preservice training involving a two-hour group meeting of at least four provider applicants. The meeting takes place with system staff and staff of the local welfare department. A training booklet, developed by the welfare office and the Quality Child Care Regulations are reviewed. Attendance at ongoing training sessions is also required each month. Caregivers are observed and offered feedback.

The system provides medical and dental exams, vision screening and developmental tests for children. Extensive documentation is kept on all clients and providers. Referral work to other agencies is extensive. Agencies are called daily and follow-up at on clients is provided. Because one requirement for subsidized child care is employment of the parent, employment services are offered.

The program participates in the Child Care Food Program. Although application and reimbursement is time-consuming, the director is pleased with the level of food money allowed. Food was previously distributed to each provider; presently, providers charge their food purchases to a particular food market, which in turn bills the agency for payment. The staff nutritionist trains providers on nutrition and monitors food served.

South Shore Day Care Services, Inc.
Braintree, Massachusetts

Southshore Day Care Services, Inc. has been in operation for seven years, since a feasibility study indicated that there was a need for day care services in the south shore area of Massachusetts. Its family day care system was organized late in 1976. At present, the system is comprised of 10 family day care homes serving 38 children and also maintains two or three substitute caregivers. The program will soon be expanding to include 5 additional homes serving 12 new children. Caregivers operate under exclusive use agreements.

At the present time, the Commonwealth of Massachusetts does not license systems to approve homes, although such an arrangement is forthcoming. A system of self-registration is now in effect, and the provider's own children under the age of 12 are counted as children in care. In general, regulations have become less stringent over the past two years; the director is satisfied that the regulations work well.

Providers are recruited through an initial telephone screening interview, followed by a week during which the potential provider visits a home in the system and speaks with that provider. Out of every 50 calls, about three candidates are finally accepted as caregivers. In general, program staff find it difficult to find and keep good providers. High turnover among providers is a problem for the system and an important goal is to reduce this turnover rate.

For its first one-and-one-half years, the family day care system offered pre-service training, but this

program was discontinued when the present director was hired. In-service training now consists of a weekly meeting between providers and system staff.

Evaluation is conducted primarily through twice-weekly contact with each provider. Formal evaluations are conducted at the end of a six-month trial period and once a year thereafter. In general, self-evaluation is preferred. The Massachusetts Office for Children spot-checks homes and follows up on any complaints.

Several applications for the Child Care Food Program had originally been rejected. The system now participates in the federal food program receiving a blended rate for reimbursement. System staff find the Child Care Food Program to be "unrealistic"--the required paperwork is very time-consuming and menu requirements are too detailed. Staff feel that the menu should be simplified to a daily summary rather than meal-by-meal requirements. The director feels that the food program consultant is very rigid in her approach to the system staff and providers.

A child intake includes a medical history by a nurse on the staff. The nurse conducts hearing, vision and immunization screening of the children. Parents are minimally involved in the operation of the program although some participate in personnel-related issues.

Women's Educational and Industrial Union
Brookline, Massachusetts

Women's Educational and Industrial Union was founded over 100 years ago to help women sell their homemade wares. Over time goals have expanded to child care services allowing women to work outside the home.

The family day care system was developed in 1969 and manages 24 providers and 100 children. Providers contract with the program and maintain exclusive use agreements. They are reimbursed weekly for child care and those with more seniority are paid slightly higher rates. Providers are recruited through a variety of sources and interviewed several times before they are accepted. One of the most useful screening mechanisms in use is the preservice training program. Five mornings a week for four weeks candidates attend training on child care topics providing both staff and applicants the opportunity for ongoing interaction. After applicants are selected ongoing training is offered once every three weeks. System staff maintain daily contact with providers. Informal evaluations are performed three times a year.

The Commonwealth of Massachusetts requires providers to become self-registered. The system director feels that this form of regulation allows her considerable leeway in approving homes. The program serves low- and middle-income families within the greater Boston area. Their affiliation with a local mental health center affords them free diagnostic evaluations for children in need.

The program does not participate in the Child Care Food Program. The director elected not to apply after hearing of the complicated application and reimbursement requirements. Instead, parents are expected to pay providers for food costs.

APPENDIX B

Start-Up Costs*

<u>System Number</u>	<u>Labor</u>	<u>Supplies Equipment Furniture</u>	<u>Occupancy</u>	<u>Total Start-Up Costs</u>
102	\$4,810	\$2,672	\$990	\$8,472
103	1,198	307	122	1,627
104	854	200	120	1,174
106	7,904	5,906	873	14,683
108	3,938	880	150	4,968
321	2,225	1,000	100	3,325
TOTALS	20,929	10,965	2,355	34,249
Percentage	61	32	7	100
Average. per system	\$3,488	\$1,828	\$393	\$5,708

*These figures reflect the estimated dollar value of early program planning, proposal effort and program development up until the time when initial providers and children were recruited and homes began generating child service hours. Programs included are limited to those which developed within the past three years.

APPENDIX C
Program and Cost Characteristics

	LOS ANGELES										PHILADELPHIA										MEMPHIS					HARRISBURG					ALL CITY SUMMARY	
System ID Number	108	102	104	105	106	107	108	107	108	Summary	211	212	213	216	214	215	216	217	Summary	321	422	423	Summary	531	532	Summary	631	632	Summary	731	732	Summary
System Age in Years	5.5	2.3	1.8	5.8	2.2	4.0	3.3	2.2	2.3	2.3	4.7	10.0	7.0	21.0	6.0	7.0	5.0	4.0	6.5	1.4	27.0	7.0	17.0	10.0	2.2	6.1	4.9	10.0	2.2	6.1	4.9	
Number of Providers	14	11	21	8	11	35	10	8	12	12	50	17	21	117	18	9	25	4	20	12	127	20	74	724	10	16	88	74	224	10	16	88
Number of Children Served	48	27	39	24	121	85	34	22	29	39	189	31	37	340	58	18	130	12	48	51	421	80	251	100	38	89	46	251	100	38	89	46
Child as Licensee Rate	99%	78	87	94%	81%	88	99%	99%	87	99%	99%	99%	100%	99%	99%	99%	99%	99%	97%	99%	99%	99%	99%	99%	99%	99%	99%	99%	99%	99%	99%	99%
Exclusive Non-Apprentice	Yes	No	No	Yes	No	No	Yes	No	No	Yes	Yes	Yes	No	Yes	Yes	No	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Program Over or Under Budget	Under	Under	Under	Under	Under	Under	Under	Under	Under	Under	Under	Under	Under	Under	Under	Under	Under	Under	Under	Under	Under	Under	Under	Under	Under	Under	Under	Under	Under	Under	Under	Under
Child Care Staff Program Participant Ratio	Yes	Yes	No	No	Yes	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Subject Matter Arranged by System	No	Yes	Yes	Yes	Yes	Yes	Yes	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Preservice Training	No	No	No	No	No	Yes	Yes	No	No	Yes	Yes	No	Yes	No	No	No	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Training Hours Per Person	7.0	7	7	8	2	3	8	8	3	3.0	7	2	2	5	4	2	3	10	3.5	8	4	7	5.5	10	8	9.0	9.0	9.0	9.0	9.0	9.0	9.0
System Placement Fee by on Site	6	6	6	6	6	6	5	4	12	6.0	5	2	1	4	4	5	6	5	5.0	5	6	5	5.5	6	6	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Child/Phone Fee In	3.0	2.4	1.8	3.0	3.7	2.4	3.4	2.8	4.4	3.0	3.8	1.9	1.8	2.9	1.2	2.0	4.8	4.1	1.1	4.2	3.3	4.0	3.7	9.5	3.8	4.2	3.5	9.5	3.8	4.2	3.5	9.5
Annual Program Costs	147914	95421	130695	152081	313898	266207	191230	128	128	170895	687649	99745	87812	880708	128	128	128	128	190097	112077	913647	266481	991542	257507	132921	187710	180457	112077	913647	266481	991542	257507
Annual Child Care	98920	71514	147757	61900	120000	147960	107721	128	128	187721	548876	88879	109957	734180	128	128	128	128	125754	124222	918324	228870	577562	167734	89887	124267	138889	124222	918324	228870	577562	167734
Cost Per Child Per Day	1.45	1.33	1.16	2.46	98	1.28	1.77	128	128	1.45	1.24	1.13	1.79	1.14	128	128	128	128	1.14	1.00	1.00	1.18	1.08	1.95	1.95	1.95	1.95	1.95	1.95	1.95	1.95	1.95

APPENDIX D - CORRELATIONS (N=16)

	Director Salary	Contributions In-kind as Percent of Total Costs	Program Index	Provider Training Hours Per Month	Family Services Scale	Exclusive HRP Agreement	Full-time Equivalent (FTE) Staff	Ratio of Administrative Costs to Total Costs	In-kind Contributions Per Provider	Administrative Costs Per Provider	Annual Cash Costs	Cash Costs Per Child Hour	Resource Cost Per Child Hour	Provider Rates	Gov't. Reimbursement Rates	Administrative Personnel Costs as Percent of Total	Ratio of FTE Admin Staff to Providers	Ratio of FTE Admin Staff to Children Enrolled	Group Size (Number of children per home)	Number of Providers	Number of Children Enrolled
Director Salary	0.2691 ^a																				
Contributions In-kind as Percent of Total Costs	0.2901	0.0623 ^a																			
Program Index	0.3049	0.3926 ^a	0.5322																		
Provider Training Hours Per Month	0.0824	0.4927 ^a	0.3897	0.2723																	
Family Services Scale	0.0093	0.3488 ^a	0.4350	0.6095	0.0574																
Exclusive HRP Agreement	0.0750	0.2787 ^a	0.2026	0.0402	-0.2489	0.3551															
Full-time Equivalent (FTE) Staff	0.1249	0.1601 ^a	-0.0640	-0.0041	0.2605	-0.1574	-0.2034														
Ratio of Administrative Costs to Total Costs	0.5215 ^a	0.9318 ^a	0.2125	0.4803 ^a	0.6332 ^a	0.4149 ^a	-0.1600 ^a	0.2769 ^a													
In-kind Contributions Per Provider	0.2591	0.4220 ^a	0.2851	0.4297	0.5256	0.2493	-0.1482	0.8068	0.6130 ^a												
Administrative Costs Per Provider	0.4914	-0.4258 ^a	0.3170	0.0137	-0.1747	0.3834	0.8889	-0.3781	-0.3036 ^a	-0.3014											
Annual Cash Costs	0.1783	-0.2207 ^a	0.5463	0.2969	0.4042	0.1929	-0.0722	0.3092	0.0534 ^a	0.4625	-0.0283										
Cash Costs Per Child Hour	0.2949	0.3991 ^a	0.5046	0.4623	0.7127	0.3447	-0.2363	0.3838	0.6421 ^a	0.6875	-0.2508	0.7831									
Resource Cost Per Child Hour	0.0889	-0.2182 ^a	0.4393	-0.0391	0.1910	-0.3061	-0.2642	0.3020	-0.0726 ^a	0.1631	-0.2308	0.6822	0.5117								
Provider Rates	0.1641 ^a	-0.2375 ^a	0.3774 ^a	0.0732 ^a	0.3894 ^a	0.0645 ^a	-0.1022 ^a	0.4496 ^a	-0.0029 ^a	0.4175 ^a	-0.0460 ^a	0.7808 ^a	0.5816 ^a	0.6426 ^a							
Gov't. Reimbursement Rates	-0.0488	0.5494 ^a	-0.1850	-0.0354	0.0869	0.1914	-0.3037	0.3126	0.4616 ^a	0.3817	-0.4597	-0.2205	0.1404	-0.3612	-0.2295 ^a						
Administrative Personnel Costs as Percent of Total	0.2514	0.4670 ^a	0.0544	0.5284	0.3925	0.3043	-0.1055	0.5398	0.6101 ^a	0.8379	-0.3248	0.3182	0.5512	-0.0842	0.3409 ^a	0.1278					
Ratio of FTE Admin Staff to Providers	0.1567	0.3995 ^a	-0.1808	0.1091	0.2709	0.0637	-0.2247	0.6554 ^a	0.5114 ^a	0.7728	-0.4397	0.3323	0.5412	0.6071	0.3425 ^a	0.5025 ^a	0.8190				
Ratio of FTE Admin Staff to Children Enrolled	0.2268	0.1464 ^a	0.2932	0.8089	0.1620	0.3814	0.1968	-0.0119	0.1969 ^a	8.2472	0.1632	0.6521	0.0884	-0.1953	-0.0221 ^a	-0.3994 ^a	0.4911 ^a	0.1078			
Group Size (Number of children per home)	0.4157	-0.4149 ^a	0.2386	-0.1192	-0.2071	0.2994	0.8360	-0.4084	-0.3392 ^a	-0.3976	0.9605	-0.1514	-0.3324	-0.2918	-0.1960 ^a	-0.3604 ^a	-0.4477	-0.4888	0.0214		
Number of Providers	0.4193	-0.3681 ^a	0.2728	-0.0038	-0.1588	0.3597	0.8323	-0.4023	-0.2866 ^a	-0.3507	0.9744	-0.1296	-0.3165	-0.3158	-0.1690 ^a	-0.4225 ^a	-0.3889 ^a	-0.5207	0.1797	0.9835 ^a	
Number of Children Enrolled	0.3050	0.4133 ^a	0.3378	0.2497	0.4022	0.4185	0.0399	0.1192	0.5375 ^a	0.4313	0.1570	0.0537	0.4140	-0.2961	0.3364 ^a	8.2194	0.2686	2.142	0.1084	0.3431	0.1848
Provider Experience in Child Care																					

^a n = 15; for all other correlations n = 16